



Foreign Relations of the United States, 1955-1957

Volume VIII

South Asia

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Preface

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of the Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

IV Preface

Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government.

The Center, in coordination with geographic bureaus of the Department of State, conducts communications with foreign governments regarding documents or information of those governments proposed for inclusion in *Foreign Relations* volumes.

Robert J. McMahon and Stanley Shaloff of the Office of the Historian compiled this volume under the supervision of John P. Glennon. Mr. Shaloff prepared the compilation on India and Mr. McMahon the rest of the volume. David W. Mabon assisted in final editing. Ornella S. Cavallo prepared the lists of sources, names and abbreviations. The Documentary Editing Section of the Publishing Services Division (Paul M. Washington, Chief) performed technical editing under the supervision of Rita M. Baker. The Twin Oaks Indexing Collective prepared the index.

William Z. Slany

The Historian
Bureau of Public Affairs

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List of Unpublished Sources

Department of State

1. **Indexed Central Files.** Papers in the indexed central files of the Department for the years 1955–1957 are indicated by a decimal file number in the first footnote. The most useful of these files are 033.1100–CO, 033.1100–NI, 033.1191, 033.46E11, 033.6190D, 033.6191, 033.90D11, 033.90D89, 033.911, 033.9111, 110.11–DU, 110.12–HO, 120.1580, 289.1122, 330.153, 396.1, 396.1–KA, 411.90D41, 446E.118, 461.8941, 489.119, 511.91, 601.90D89, 601.9111, 602.8990D, 611.89, 611.91, 661.89, 689.90D, 690D.91, 690D.91322, 691.00, 711.11–EI, 711.56390D, 746E.5–MSP, 753D.00, 789.00, 789.5–MSP, 790.5, 790D.00, 790D.11, 790D.13, 790D.5–MSP, 790D.5622, 791.00, 791.13, 791.5–MSP, 791.56, 791.5622, 889.2614–Helmand, 890.00, 891.00, 891.00–Five Year, 891.131, 891.2546, 891.331, and 974.7301.

2. **Lot Files.** Documents from the central files have been supplemented by lot files of the Department, which are decentralized files created by operating areas. A list of the lot files used in this volume follows:

Conference Files, Lot 59 D 95

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1949–1955, as maintained by the Executive Secretariat.

Conference Files, Lot 62 D 181

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1956–1958, as maintained by the Executive Secretariat.

FE Conference Files, Lot 60 D 514

Files of conferences and meetings maintained by the Bureau of Far Eastern Affairs for the years 1956–1958.

INR–NIE Files

Files retained by the Bureau of Intelligence and Research containing copies of National Intelligence Estimates and Special National Intelligence Estimates, including NIE's and SNIE's for the 1955–1957 period.

Intelligence Files, Lot 58 D 776

Country, subject, and administrative files relating to United States intelligence organizations and activities for the years 1945–1960, as maintained by the Office

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of the Director of the Bureau of Intelligence and Research. (Combines Lots 62 D 42, 61 D 67, 60 D 644, 58 D 776, 58 D 159 and 53 D 500)

IO Files, Lot 60 D 113

Consolidated files of the Assistant Secretary of State for International Organization Affairs for the years 1955-1957. (Combined with Lot 58 D 17)

NEA Files, Lot 58 D 545

Contains country files for Egypt, Nepal, Libya, Pakistan, Sudan, Syria, Tunisia, Cyprus, Turkey, and Yemen, and subject files for the United Nations and the Baghdad Pact for 1956, as maintained by the Bureau of Near Eastern, South Asian, and African Affairs.

NEA/SOA Files, Lot 60 D 545

Documentation on Pakistan and Afghanistan for 1957, as maintained by the Office of South Asian Affairs of the Bureau of Near Eastern, South Asian, and African Affairs.

NEA/SOA Files, Lot 62 D 43

Files of the Director of the Office of South Asian Affairs for the years 1957-1959, as maintained by the Office of South Asian Affairs of the Bureau of Near Eastern, South Asian, and African Affairs.

NEA/SOA Files, Lot 66 D 415

Miscellaneous subject and chronological files on Kashmir for the years 1952-1964, as maintained by the India desk of the Office of South Asian Affairs, Bureau of Near Eastern, South Asian, and African Affairs.

NEA/SOA/E Files, Lot 60 D 449

Subject files on India for the years 1955-1957 and official informal correspondence for 1958, as maintained by the Economic Division of the Office of South Asian Affairs, Bureau of Near Eastern, South Asian and African Affairs.

OCB Files, Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953-1960, as maintained by the Executive Secretariat.

PPS Files, Lot 66 D 487

Subject files, country files, chronological files, documents, drafts, and related correspondence of the Policy Planning Staff for the year 1956.

Presidential Correspondence, Lot 66 D 204

Exchanges of correspondence between the President and heads of foreign governments for the years 1953-1964, as maintained by the Executive Secretariat of the Department of State.

Secretary's Memoranda of Conversation, Lot 64 D 199

Chronological collections of the Secretary of State's memoranda of conversation and the Under Secretary of State's memoranda of conversation for the years 1953-1960, as maintained by the Executive Secretariat.

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Secretary's Staff Meetings, Lot 63 D 75

Chronological collections of the minutes of the Secretary of State's staff meetings during the years 1952-1960, as maintained by the Executive Secretariat.

S/S-NSC Files, Lot 63 D 351

Serial master file of NSC documents and correspondence and related Department of State memoranda for the years 1947-1961, as maintained by the Executive Secretariat.

S/S-NSC (Miscellaneous) Files, Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action, as maintained by the Executive Secretariat for the years 1947-1963.

State-JCS Meetings, Lot 61 D 417

Top Secret records of meetings between the Joint Chiefs of Staff and representatives of the Department of State for the period 1951-1959 and selected problem files on the Middle East for the period 1954-1956, as maintained by the Executive Secretariat.

Dwight D. Eisenhower Library, Abilene, Texas

Dulles Papers

Records of John Foster Dulles, 1952-1958.

Whitman File

Papers of Dwight D. Eisenhower as President of the United States, 1953-1961, as maintained by his Personal Secretary, Ann Whitman. The Whitman File includes the following elements: Name Series, Dulles-Herter Series, Eisenhower Diaries, Ann Whitman (ACW) Diaries, National Security Council Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, Administrative Series, and International File.

National Archives, Washington, D.C.

JCS Records

National Archives Records Group 218, Records of the United States Joint Chiefs of Staff and the Chairman of the Joint Chiefs of Staff.

Washington National Records Center, Suitland, Maryland

ICA Director's File, FRC 61 A 32

General subject and country files of the office of the ICA Director for the years 1955-1958.

Karachi Embassy Files, FRC 68 A 5158

Lot 64 F 16: Top Secret central subject files for the years 1956-1958, as maintained by the Embassy in Pakistan.

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Karachi Embassy Files, FRC 64 A 532

Lot 63 F 82: Classified and unclassified central subject files for the years 1956-1958, as maintained by the Embassy in Pakistan.

OASD/ISA Files (NESA Records), FRC 60 A 1672 and FRC 60 B 1672

Country files of the Office of the Assistant Secretary of Defense (International Security Affairs) for the year 1957.

List of Abbreviations and Symbols

AFL-CIO , American Federation of Labor-Congress of Industrial Organizations	ECAFE , Economic Commission for Asia and the Far East, United Nations
AID , Agency for International Development	Embdes , Embassy despatch
BNA , Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State	Embtel , Embassy telegram
C , Office of the Counselor of the Department of State	EXIM , Export-Import Bank
CA , circular airgram; Office of Chinese Affairs, Bureau of Far Eastern Affairs, Department of State	FCN , Treaty of Friendship, Commerce and Navigation
CIA , Central Intelligence Agency	FE , Bureau of Far Eastern Affairs, Department of State
C in C , Commander in Chief	FOA , Foreign Operations Administration
CINCEUR , Commander in Chief, Europe	FY , Fiscal Year
CPI , Communist Party of India	FYI , for your information
DEF/ISA , Office of the Assistant Secretary of Defense for International Security Affairs	G , Office of the Deputy Under Secretary of State for Political Affairs
del , delegation	GA , General Assembly
Delga , series indicator for telegrams from the U.S. Delegation to the United Nations General Assembly to the Department of State	GARIOA , Government and Relief in Occupied Areas
Deptel , Department of State telegram	GG , Governor General
DFS , Direct Forces Support	GOA , Government of Afghanistan
DOD , Department of Defense	GOI , Government of India
Dulte , series indicator for telegrams from Secretary of State Dulles while away from Washington	GOP , Government of Pakistan
E , Bureau of Economic Affairs, Department of State	HICOM , High Commissioner
ECA , Economic Cooperation Administration	IBRD , International Bank for Reconstruction and Development
	ICA , International Cooperation Administration
	ICJ , International Court of Justice
	IMF , International Monetary Fund
	INR , Bureau of Intelligence and Research, Department of State
	IO , Bureau of International Organization Affairs, Department of State
	JCS , Joint Chiefs of Staff
	KLM , Royal Dutch Airlines

XII List of Abbreviations

- L/NEA, Office of the Assistant Legal Adviser for Near Eastern, South Asian, and African Affairs, Department of State
- MAAG, Military Assistance Advisory Group
- MDA, Mutual Defense Assistance
- MDAP, Mutual Defense Assistance Program
- MEA, Ministry of External Affairs
- MKA, Morrison-Knudson of Afghanistan, Inc.
- MSA, Mutual Security Agency/Act/Agreement
- NAC, North Atlantic Council
- NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
- NIE, National Intelligence Estimate
- NSC, National Security Council
- OASD/ISA, Office of the Assistant Secretary of Defense for International Security Affairs
- OCB, Operations Coordinating Board
- OFD, Office of Financial and Development Policy, Bureau of Economic Affairs, Department of State
- PAA, Pan American Airlines
- PAF, Pakistani Air Force
- Pak, Pakistan
- PAO, Public Affairs Officer
- PM, Prime Minister
- PRC, People's Republic of China
- RGA, Royal Government of Afghanistan
- SC, United Nations Security Council
- SEATO, Southeast Asia Treaty Organization
- SecDef, Secretary of Defense
- SOA, Office of South Asian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
- S/P, Assistant Secretary of State for Policy Planning, Department of State
- S/S, The Executive Secretariat, Department of State
- SYG, Secretary-General of the United Nations
- TAD, Trade Agreements and Treaty Division, Office of International Trade and Resources, Bureau of Economic Affairs, Department of State
- TCA, Technical Cooperation Administration
- Toica, series indicator for telegrams to the International Cooperation Administration in Washington from its missions abroad
- TWA, Trans World Airlines
- U, Office of the Under Secretary of State
- U/MSA, Office of the Special Assistant for Mutual Security Affairs, Department of State
- U/OP, Operations Coordinator, Office of the Under Secretary of State
- UK, United Kingdom
- UN, United Nations
- UNCIP, United Nations Commission for India and Pakistan
- UNIVAC, Universal Automatic Computer (early commercial computer)
- UNP, Office of United Nations Political and Security Affairs, Bureau of International Organization Affairs, Department of State
- UN Rep, United Nations Representative
- UNSC, United Nations Security Council
- USA, United States Army
- USAF, United States Air Force
- USG, United States Government
- USIA, United States Information Agency
- USIS, United States Information Service
- USMC, United States Marine Corps
- USN, United States Navy
- USOM, United States Operations Mission
- USSR, Union of Soviet Socialist Republics
- USUN, United States Mission at the United Nations

List of Persons

- Adams, Robert W.**, Deputy Officer in Charge of Economic Affairs, Office of South Asian Affairs, Department of State, to August 1956; thereafter Officer in Charge of Indian, Ceylon, and Nepal Affairs
- Adams, Sherman**, Assistant to the President to September 1958
- Ali, Chaudhri Mohamad**, Prime Minister of Pakistan and Minister of Defense, August 1955–September 1956
- Ali, Mohammed**, Prime Minister of Pakistan to August 1955; thereafter Ambassador to the United States
- Ali, Syed Amjad**, Pakistani Ambassador to the United States to November 1955; thereafter Minister of Finance
- Allen, George V.**, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs to July 1956
- Amory, Robert**, Deputy Director for Intelligence, Central Intelligence Agency
- Anderson, Robert B.**, Deputy Secretary of Defense to August 1955; Secretary of the Treasury from July 1957
- Armstrong, Willis C.**, Deputy Director of the Office of International Trade and Resources, Department of State, January 1955–May 1957; Director, June–August 1957; thereafter Acting Deputy Assistant Secretary of State for Economic Affairs
- Ayub Khan, General Mohammad**, Commander in Chief of the Pakistani Army; Minister of Defense to August 1955
- Baldwin, Charles F.**, Deputy Assistant Secretary of State for Far Eastern Economic Affairs to December 1955
- Bandaranaike, S.W.R.D.**, Prime Minister of Ceylon, Minister of Defense, and Minister of External Affairs from April 1956
- Barbour, Walworth**, Deputy Assistant Secretary of State for European Affairs to October 1955; Deputy Chief of Mission at the Embassy in the United Kingdom from November 1955; Minister–Counselor from February 1956
- Barnes, Robert G.**, Deputy Director of the Executive Secretariat, Department of State, June–August 1955; Director, August 1955–March 1956; thereafter Special Assistant to the Under Secretary of State for Mutual Security Affairs
- Bartlett, Frederic P.**, Counselor of Embassy in India to August 1957; thereafter Director of the Office of South Asian Affairs, Department of State
- Beam, Jacob D.**, Director of the Office of East European Affairs, Department of State, March–October 1955; Deputy Assistant Secretary of State for European Affairs, October 1955–June 1957
- Bell, John O.**, Director of the United States Operations Mission (after July 1955, International Cooperation Administration Mission) in Pakistan, March 1955–September 1957; thereafter Regional Director for Near East and South Asia Operations, International Cooperation Administration

XIV List of Persons

- Berry, James Lampton**, Special Assistant to the Deputy Under Secretary of State for Administration, October 1955–August 1956; thereafter Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs
- Bishop, Max W.**, Operations Coordinator, Department of State, to December 1955; Ambassador to Thailand from January 1956
- Black, Eugene R.**, President of the International Bank for Reconstruction and Development
- Blue, William L.**, First Secretary in India to June 1955
- Brown, Brigadier General Rothwell**, Chief of Army Section, Military Assistance Advisory Group, Pakistan
- Brundage, Percival F.**, Deputy Director of the Bureau of the Budget to April 1956; thereafter Director
- Bulganin, Marshal Nikolai Aleksandrovich**, Soviet Minister of Defense to February 1955; thereafter Chairman of the Soviet Council of Ministers
- Bunker, Ellsworth**, Ambassador to India from March 1957
- Byroade, Henry A.**, Ambassador to Egypt to September 1956; Ambassador to South Africa from October 1956
- Cabell, Lieutenant General Charles P.**, USAF, Deputy Director of Central Intelligence
- Chou En-lai**, Premier and Foreign Minister of the People's Republic of China
- Chowdhury, Hamidul Haq**, Foreign Minister of Pakistan, September 1955–September 1956
- Chundrigar, Ismail I.**, Prime Minister of Pakistan, October 1957–December 1957
- Cooper, John Sherman**, Ambassador to India, April 1955–April 1956; Republican Senator from Kentucky from January 1957
- Corbett, Jack C.**, Director of the Office of Financial and Development Policy, Department of State, to September 1957
- Crowe, Philip K.**, Ambassador to Ceylon to September 1956
- Cutler, Robert**, Special Assistant to the President for National Security Affairs to April 1955, and again from January 1957
- Daman Shamsheer Jung Bahadur Rana**, Nepali Ambassador to India
- Daspi, Alexander B.**, First Secretary in Pakistan to September 1956
- Daud, Mohammed**, Prime Minister of Afghanistan
- Delaney, Peter H.**, Officer in Charge of Technical Assistance, Office of International Economic and Social Affairs, Department of State, from August 1956
- DeLany, Vice Admiral Walter S.**, Deputy Director for Mutual Defense Assistance Control, International Cooperation Administration, from July 1955
- Dillon, C. Douglas**, Deputy Under Secretary of State for Economic Affairs from March 1957
- Dorsey, Stephen P.**, Deputy Director, Office of Near Eastern Affairs, Department of State, to June 1955; Acting Director, June–September 1955; Deputy Regional Director, Office of Near Eastern, South Asian, and African Operations, International Cooperation Administration, September 1955–August 1956
- Dulles, Allen W.**, Director of Central Intelligence
- Dulles, John Foster**, Secretary of State
- Eden, Sir Anthony**, British Secretary of State for Foreign Affairs and Deputy Prime Minister to April 1955; Prime Minister, April 1955–January 1957
- Eisenhower, Dwight D.**, President of the United States
- Elbrick, C. Burke**, Deputy Assistant Secretary of State for European Affairs to February 1957; thereafter Assistant Secretary of State for European Affairs

- FitzGerald, Dennis A.**, Deputy Director for Operations, International Cooperation Administration
- Flanagan, Thomas E.**, Public Affairs Officer in New Delhi to February 1957
- Fluker, J. Robert**, Officer in Charge of Economic Affairs, Office of South Asian Affairs, Department of State, to September 1955; thereafter Counselor of Embassy for Economic Affairs in India
- Gardiner, Arthur Z.**, Counselor of Embassy in Pakistan from May 1955
- Gleason, S. Everett**, Deputy Executive Secretary of the National Security Council
- Gluck, Maxwell**, Ambassador to Ceylon from September 1957
- Goodpaster, Colonel Andrew J.**, USA, Staff Secretary to the President; Brigadier General from January 1957
- Goonetilleke, Sir Oliver**, Governor-General of Ceylon
- Graham, Frank P.**, United Nations Representative for India and Pakistan
- Gray, Gordon**, Assistant Secretary of Defense for International Security Affairs, July 1955–February 1957; Director of the Office of Defense Mobilization from March 1957
- Hadsel, Fred L.**, Special Assistant, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, February–October 1955; Deputy Director of the Office of African Affairs, October 1955–October 1956; Director of the Office of South African Affairs, October 1956–April 1957
- Hagerty, James C.**, Press Secretary to the President
- Hammar skjöld, Dag**, Secretary-General of the United Nations
- Hensel, H. Struve**, Assistant Secretary of Defense for International Security Affairs to July 1955
- Herter, Christian A.**, Under Secretary of State from February 1957
- Hildreth, Horace A.**, Ambassador to Pakistan to May 1957
- Hill, Robert C.**, Special Assistant to the Under Secretary of State for Mutual Security Affairs from October 1955; Assistant Secretary of State for Congressional Relations from March 1956 to June 1957
- Hollister, John B.**, Consultant to the Secretary of State, May–July 1955; thereafter Director of the International Cooperation Administration
- Hoover, Herbert C., Jr.**, Under Secretary of State to February 1957
- Howe, Fisher**, Deputy Special Assistant for Intelligence, Department of State, to March 1956; thereafter Director of the Executive Secretariat
- Humphrey, George**, Secretary of the Treasury to July 1957
- Jarring, Gunnar V.**, Swedish Representative at the United Nations, 1956–1957
- Jernegan, John D.**, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs to October 1955
- Jones, J. Jefferson, III**, Director of the Office of South Asian Affairs, Department of State, to August 1957
- Kalijarvi, Thorsten V.**, Deputy Assistant Secretary of State for Economic Affairs to March 1957; Assistant Secretary, March–September 1957
- Khrushchev, Nikita Sergeyevich**, First Secretary of the Central Committee of the Communist Party of the Soviet Union
- Kotelawala, Sir John L.**, Prime Minister of Ceylon and Minister of Defense to April 1956
- Langley, James M.**, Ambassador to Pakistan from July 1957
- Lay, James S. Jr.**, Executive Secretary of the National Security Council
- Lodge, Henry Cabot, Jr.**, Representative at the United Nations

XVI List of Persons

- MacArthur, Douglas A., II**, Counselor of the Department of State to November 1956
- McConaughy, Walter P.**, Director of the Office of Chinese Affairs, Department of State, to May 1957
- Macmillan, Harold**, British Minister of Defense to April 1955; Secretary of State for Foreign Affairs, April–December 1955; Chancellor of the Exchequer, December 1955–January 1957; thereafter Prime Minister
- MacDonald, Malcolm**, British High Commissioner in India
- Mehta, Ganganvihari Lalubhai**, Indian Ambassador to the United States
- Mehta, Mohan Sinha**, Pakistani High Commissioner in India
- Menon, V.K. Krishna**, Chairman of the Indian Delegation to the 10th, 11th, and 12th sessions of the United Nations General Assembly; Indian Minister of Defense from April 1957
- Menzies, Robert G.**, Prime Minister of Australia
- Meyer, Armin H.**, First Secretary of Embassy in Afghanistan, March–May 1955; Counselor of Embassy, May 1955–September 1957; thereafter Deputy Director of the Office of South Asian Affairs, Department of State
- Mills, Sheldon T.**, Ambassador to Afghanistan from May 1956
- Mirza, Major General Iskander**, Pakistani Minister of Interior to August 1955; Governor–General, August 1955–March 1956; President from March 1956
- Mohammed Zahir Shah**, King of Afghanistan
- Murphy, Robert D.**, Deputy Under Secretary of State for Political Affairs
- Naim, Prince Mohammed**, Foreign Minister of Afghanistan
- Nehru, Pandit Jawaharlal**, Prime Minister of India and Minister for External Affairs and Commonwealth Relations
- Nixon, Richard M.**, Vice President of the United States
- Noon, Malik Firoz Khan**, Foreign Minister of Pakistan, September 1956–December 1957; thereafter Prime Minister
- O'Connor, Roderic L.**, Special Assistant to the Secretary of State to December 1955; Deputy Assistant Secretary of State for Congressional Relations, December 1955–May 1957; thereafter Administrator, Bureau of Security and Consular Affairs
- Overby, Andrew N.**, Assistant Secretary of the Treasury to February 1957
- Pillai, Sir Narayana Raghavan**, Secretary–General of the Indian Ministry of External Affairs
- Prochnow, Herbert V.**, Deputy Under Secretary of State for Economic Affairs, November 1955–November 1956
- Radford, Admiral Arthur W.**, USN, Chairman of the Joint Chiefs of Staff to August 1957
- Rahim, Jalaluddin Abdur**, Secretary of Foreign Affairs and Commonwealth Relations of Pakistan
- Richards, James P.**, Democratic Representative from North Carolina and Chairman of the House Foreign Affairs Committee to January 1957; thereafter Special Assistant to the President
- Robertson, Walter S.**, Assistant Secretary of State for Far Eastern Affairs
- Rose, Paul W.**, Director of the United States Operations Mission in Nepal
- Rountree, William M.**, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, October 1955–July 1956; thereafter Assistant Secretary

Rucinski, Joseph, Director of Operations for Asia and the Middle East, International Bank for Reconstruction and Development

Sexton, Brigadier General William F., Chief, Military Assistance Advisory Group, Pakistan

Shrinagesh, General Satyavant Mallannah, Chief of Army Staff, India

Smith, Gerard C., Consultant to the Secretary of State to January 1956; Special Assistant to the Secretary on Atomic Energy Matters, January 1956–October 1957; thereafter Assistant Secretary of State for Policy Planning

Smith, Henry T., Deputy Director of the Office of South Asian Affairs, Department of State, to August 1955; Counselor of Embassy in Ceylon from July 1956

Smith, James Hopkins, Jr., Director of the International Cooperation Administration from August 1957

Smith, Rufus Burr, Officer in Charge of Economic Affairs, Office of South Asian Affairs, Department of State, from September 1955

Soulen, Garrett H., Officer in Charge of Pakistan–Afghanistan Affairs, Department of State, from September 1956

Staats, Elmer B., Executive Officer of the Operations Coordinating Board

Stassen, Harold E., Director of the Foreign Operations Administration to June 1955; Special Assistant to the President to 1957

Streibert, Theodore C., Director of the United States Information Agency to December 1956

Suhrawardy, Huseyn Shaheed, Prime Minister of Pakistan and Minister of Defense, September 1956–October 1957

Tanka Prasad Acharya, Prime Minister of Nepal

Taylor, General Maxwell, USA, Chief of Staff, United States Army from June 1955

Thacher, Nicholas G., Acting Officer in Charge of Pakistan–Afghanistan Affairs, Department of State, to May 1956; Officer in Charge, May–September 1956

Turnage, William V., Deputy Director of the Office of Financial and Development Policy, Department of State

Twining, General Nathan F., USAF, Chief of Staff, United States Air Force, to June 1957; Chairman of the Joint Chiefs of Staff from August 1957

Waugh, Samuel C., Assistant Secretary of State for Economic Affairs to August 1955; Deputy Under Secretary of State for Economic Affairs, August 1955–October 1955; President of the Export–Import Bank from October 1955

Weeks, Sinclair, Secretary of Commerce

Weil, T. Eliot, Counselor of Embassy in India to June 1956

Wilcox, Francis O., Assistant Secretary of State for International Organization Affairs from September 1955

Willson, Clifford H., Director of Technical Cooperation, International Cooperation Administration, New Delhi, to March 1957

Wilson, Charles E., Secretary of Defense to October 1957

Witman, William, II, Deputy Director of the Office of South Asian Affairs, Department of State, December 1955–October 1957

GENERAL UNITED STATES POLICIES WITH RESPECT TO SOUTH ASIA ¹

1. Progress Report by the Operations Coordinating Board ²

Washington, March 30, 1956.

PROGRESS REPORT ON U.S. POLICY TOWARDS SOUTH ASIA (NSC 5409)

(Policy Approved by the President March 6, 1954)

(Period Covered: August 24, 1955 through March 28, 1956)

A. Listing of Major Developments During the Period

General

1. *Soviet Political Campaign:* The Soviet Union greatly stepped up its campaign to woo India and Afghanistan into closer relations with the Communist Bloc and to weaken their ties with the West, while Pakistan, Ceylon and Nepal were also subjected to increased Communist Bloc pressure.

India

2. *Goa Issue.* During the latter part of the period, U.S.-Indian relations became seriously strained on the Goa issue.

3. *Reorganization of Indian States.* Agitation within India on the issue of the reorganization of the Indian states on linguistic lines became so strong as to weaken at least temporarily the authority of the Government of India and Nehru's prestige.

4. *Internal Politics.* India's major non-communist opposition party, the PSP, was seriously weakened by a split-off of the doctrinaire left.

¹ Continued from *Foreign Relations, 1952-1954*, vol. XI, Part 2, pp. 1057 ff.

² Source: Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5409-Memoranda. Secret. Forwarded by Roy Melbourne, Acting Executive Officer of the OCB, to Lay under cover of a note dated March 30. An attached financial annex is not printed. A previous Progress Report, dated August 24, 1955, covering the period December 16, 1954 to August 24, 1955, is *ibid*.

Pakistan

5. *Constitution*. The Pakistan Constituent Assembly on March 2 adopted the Constitution; Pakistan is to remain within the Commonwealth as a Republic.

6. *Baghdad Pact*. Pakistan's adherence to the Baghdad Pact marked a major step toward stronger defenses for Pakistan through realization of the Northern Tier concept.

7. *Afghan Dispute*. Renewed border tension and mutually hostile propaganda occurred as a result of Afghan resentment of political unification of West Pakistan.

8. *Soviet Support of Pakistan's Neighbors*. The deep concern of the Pakistanis over the Soviet support to the Indians and Afghans in their disputes with Pakistan caused the Pakistanis to seek similar open support from the West; when support considered satisfactory by the Pakistanis was not immediately forthcoming, evidences appeared of a trend toward neutralism in the country.

Afghanistan

9. *Soviet Loan*. Afghanistan accepted a Soviet offer of a \$100 million loan which may result in substantially mortgaging the country's economy to the USSR for years to come.

Ceylon

10. *U.S. Economic Aid*. In accordance with NSC Action No. 1458,³ the U.S. Ambassador⁴ has been authorized to negotiate an economic assistance agreement with the Ceylonese Government. An ICA country director has been appointed and is developing the details of an economic and technical assistance program with Ceylonese officials.

11. The U.S. expressed its willingness to assist a voluntary agency in providing Ceylon with powdered milk in the amount of 7,000 tons per year for three years for a school lunch program.

Nepal

12. *Communist China Economic Aid*. Communist China has offered to help Nepal in its development program.

³ In this action, taken by the NSC at its 262d meeting on October 20, 1955, the OCB was requested to reexamine the possibility of further aid to Ceylon within the provisions of the Battle Act. (*Ibid.*, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Actions by the NSC, 1955) The Mutual Defense Assistance Control Act, or Battle Act (named after Representative Laurie C. Battle of Alabama), was approved on October 26, 1951, as P.L. 213, 82d Congress. For text, see 65 Stat. 644.

⁴ Philip K. Crowe.

B. Summary Statement of Operating Progress in Relation to Major NSC Objectives

13. *NSC Objectives.* Paragraph 59 of NSC 5409 provides that United States policy towards Afghanistan should be immediately reviewed in the event of increased Soviet efforts to subvert or take over Afghanistan. It has become increasingly evident during the weeks which have elapsed since the visit of Bulganin and Khrushchev to Afghanistan in December—which culminated in the extension by the USSR to Afghanistan of a \$100 million credit—that the Soviets have initiated a full scale campaign to become the dominant influence in Afghanistan.⁵ It is therefore believed that a review of NSC 5409 in those sections pertaining to Afghanistan should be undertaken.

14. *Operating Progress*

a. The U.S. took the following actions relative to the U.S. objectives of strengthening regional economic cooperation and the economies of the individual countries of South Asia:

(1) The U.S. decided to aid in establishing an Asian Nuclear Research and Training Center and to locate it in the Philippines rather than in Ceylon, Pakistan or other interested countries.

(2) Eligibility criteria were established for projects to be considered for aid under the President's Fund for Asian Economic Development.

(3) The President asked Congress for authority to give continuity to some aid programs to underdeveloped countries.

b. Following the meeting of the SEATO Council in Karachi,⁶ the Secretary visited India and Ceylon; he took advantage of the opportunity afforded by his talks with India and Ceylon leaders to explain U.S. foreign policy objectives in order to increase their understanding of our purposes.

India

15. During the first part of the period under review, some progress was made in improving the atmosphere of U.S.-Indian relations, owing primarily to the general easing of cold war tensions. Nehru's criticisms of U.S. collective security policies were less emotional. Ambassador Cooper established close personal relations with Nehru and made a favorable impression with the Indian press. On the other hand, little if any progress was made in resolving the basic differences between India and the U.S. Meanwhile, India's relations

⁵ Nikolay Aleksandrovich Bulganin, Chairman of the Soviet Council of Ministers, and Nikita Sergeyevich Khrushchev, First Secretary of the Communist Party of the Soviet Union, made a 5-day official visit to Afghanistan December 15-19. Regarding their visit, see Document 107.

⁶ The SEATO Council meeting was held March 6-8.

with Communist China remained unchanged and with the Soviet Union became closer. On balance, probably no progress was made towards improving the Western position relative to that of the Communist Bloc and deterioration may have taken place:

a. *In Strengthening the non-Communist Government.* India continued to have one of the most stable non-communist governments in Asia but the government and Nehru at least temporarily lost initiative to some extent in the potentially dangerous problem of reorganizing the Indian states along linguistic lines, and India's major non-communist opposition party was seriously weakened relative to both the Congress and the communists.

b. *In Fostering India's Alignment with the West and the Rest of Free Asia:*

(1) No progress was made in achieving this long-run objective and the West's position relative to the Communist Bloc perhaps deteriorated as a result of the Soviet campaign to increase its influence in India as exemplified by Bulganin's and Khrushchev's visit to India⁷ and prospects for increased Indo-Soviet trade. The Soviet leaders were given a tremendous welcome by the Government of India. The attendant publicity lent respectability to the communists in India and elsewhere, and tended to identify Indian and Soviet foreign policies. India was proffered increased Indo-Soviet trade on easy loan terms, specifically for one million tons of Soviet steel. India also welcomed the Soviet leader's open support for India's full claims to Kashmir and Goa. In a number of the questions discussed at the recent Bangalore meeting of ECAFE, India and the U.S. took opposing positions and in some cases the Indian and Soviet positions were similar. Other developments unfavorable to the U.S. and the West were: the heated reaction in India to the Dulles-Cunha Communiqué of December 2, 1955,⁸ and the Government of India rejection of our official explanations of it; the probable discouragement of foreign private investment in India by such moves as the nationalization of Indian life insurance companies; and a deterioration of Indo-Pakistan relations, particularly exemplified by the large number of border incidents which have occurred in recent weeks, despite the settlement of some outstanding issues of a less important nature.

(2) Developments of the period probably favorable to the U.S.-Indian relations were: the September 10 Agreed Announcement between Ambassadors Johnson and Wang giving India a role in facilitating the travel of Chinese nationals in the U.S. to Communist China;⁹ the cordial exchange of correspondence between the President and Nehru about mutual visits; the visits of General Maxwell Taylor to India and the Chief of Indian Army Staff to the U.S.; Nehru's apparent decision to allow the

⁷ The Soviet leaders visited India in November; for documentation, see Documents 11, 12, and 154.

⁸ For text of the U.S.-Portuguese Joint Communiqué concerning Goa, see Department of State *Bulletin*, December 12, 1955, p. 966. Paulo Cunha was the Portuguese Foreign Minister.

⁹ For text of this agreement, see *ibid.*, September 19, 1956, p. 456.

USIS sub-posts in India to continue operation on a restricted basis; Indian officials' expressions of unusually warm appreciation for American economic aid to India at the Colombo Plan meeting at Singapore; and India's activity in fostering regional economic cooperation, as evidenced by a sterling loan to Burma, and proposals for cooperation with Japan under the Fund for Asian Economic Development.

(3) The State Department decided to favor in principle the invitation of an Indian parliamentary delegation to visit the United States. The Department of State invited, and India accepted, an invitation to join the group of nations preparing a draft charter for the proposed International Atomic Energy Agency. The Indian Atomic Research Commission was presented a research library on January 3.

c. *In Strengthening India's Defense Position.* The delivery of 17 C-119G aircraft under a reimbursable military assistance program during the period resulted in the near completion (over 90%) of a combined Army and Air Force program to supply Indian purchases of military equipment amounting to approximately \$33 million. The U.S. approved a UK request to release "Green Satin" confidential radar equipment to India for installation on UK bombers for possible sale to India; it is hoped to forestall India's purchase of 60 Soviet light bombers. The long pending procurement contract for thorium nitrate from India was also completed.

d. *In Improving India's Basic Economy.* India continued to enjoy economic stability and expansion. The U.S. took the following actions to strengthen the economy of India: approved a grant of \$50 million for developmental assistance; granted India 20,000 tons of wheat and rice as a special flood relief measure; made a gift of 500,000 cc of gamma globulin to help meet an unprecedentedly large epidemic of infectious hepatitis in the Delhi area; negotiated a civil air agreement which was signed February 3, 1956; and is considering the development of a possible three-year \$400 million PL 480 program.

Pakistan

16. While gains in some directions tended to be offset by losses in others, on balance there was net progress toward achievement of our objectives:

a. In Strengthening Pakistan's Defense Position

(1) Since early 1953 the U.S. has encouraged Pakistan toward greater defensive cooperation with its neighbors in the Middle East. These efforts, including implementation of a military assistance program for Pakistan and consistent expressions of approval for Pakistan's participation in area defense agreements, were rewarded by Pakistan's adherence to the Baghdad Pact in September 1955. Subsequently Pakistan played a constructive part in the initial meetings of the pact members at Baghdad.

(2) An increased flow of equipment deliveries under the U.S. military assistance program during the period, together with

Ambassador Hildreth's assurances of continued U.S. intent to meet its commitments, served to allay somewhat the previously expressed Pakistan dissatisfaction with the U.S. aid program.

b. *In Improving Pakistan's Economic Situation.* A substantial flow of commodities financed by FY 1955 Defense Support funds served to ease critical supply shortages. FY 1956 programs of \$6 million for Technical Cooperation and \$56,430,000 for Defense Support have been approved to date. Obligations presently exceed \$35 million.

c. *In Fostering Pakistan's Alignment with the West.* Increased efforts were made in the information program to publicize U.S. military and economic aid, and to cooperate with the Pakistan Government in the production of anti-communist material. These efforts achieved success, but were offset to some extent by such major developments as the visit of Bulganin and Khrushchev and their outspoken support of India and Afghanistan in disputes with Pakistan.

d. *In Improving Pak-Afghan Relations.* The U.S. attempted through utterance of warnings and such action as the President's suggestion for a high-level meeting to bring about some perceptible improvement in Pak-Afghan relations. However, little progress was registered as each country continued in projection of its national policies to assume sharply hostile attitudes on the part of the other.

Afghanistan

17. Following settlement in September of the Afghan-Pakistan "flag dispute" the U.S. continued to urge upon both parties the desirability of further efforts to improve their relations. The U.S. informed the Government of Afghanistan that it might be willing to consider assistance in projects designed to draw Afghanistan and Pakistan closer together, but did not elicit a favorable initial response from the Afghans. In an exchange of letters initiated by King Zahir, President Eisenhower expressed his desire to assist in achieving an Afghan-Pakistan settlement, and endorsed a proposal for a meeting between the heads of state of the two countries.¹⁰ The U.S. Government was successful in efforts to induce the Government of Afghanistan to allow supplies for U.S. projects in Afghanistan to continue transiting Pakistan. Steps taken in U.S.-assisted projects including increase of funds available for education-training projects were calculated to demonstrate to the Afghans our interest in maintaining our ties with Afghanistan. The Embassy and USOM in Kabul have been authorized to offer the Afghan Government assistance for an airline-airport project. The Royal Government of Afghanistan has recently announced formulation of a Five-year Plan of economic development. No details as to magnitudes or organization to execute the plan are yet available.

¹⁰ This correspondence between President Eisenhower and King Zahir was exchanged in October and November 1955. See Documents 97 ff.

Ceylon

18. The Prime Minister's anti-communist, pro-Western orientation continued during this period. Increasing pressure was placed on him, however, by those with neutralist or leftist sentiments, or special economic interests, to adopt a more friendly attitude toward the communist world, particularly Communist China. Ceylon was informed that the United States is prepared to negotiate an atomic research reactor agreement under the President's Atoms for Peace Program. The United States also expressed its willingness to assist a voluntary agency in providing Ceylon with powdered milk in the amount of 7,000 tons per year for three years for a school lunch program. Economic assistance in the amount of \$5 million has been tentatively earmarked for Ceylon and is broken down as \$4.6 million for development assistance and \$.4 million for technical assistance. Ceylon was admitted to the UN during the period.

Nepal

19. Though the King appointed a Cabinet in January, the Government of Nepal continued throughout the period to have a relatively weak government. Satisfactory progress was made in the U.S. technical, economic and information programs in Nepal. A Five-year Plan for economic development has been published by the government. It is hoped that the plan will be put into effect by July 1, 1956.

*C. Major Problems or Areas of Difficulty**India*

20. a. *Political Alignment.* The Soviet Union has presented a challenge of unprecedented proportions for India's political sympathies and diplomatic support. While India will continue to maintain that its policy is one of "non-alignment", it may identify itself even more with the Communist Bloc positions on current problems. For the first time India is giving serious consideration to the purchase of arms from the Soviet Union.

b. *Opposition to Regional Defense Pacts.* India may be expected to maintain its opposition to SEATO and other regional defense pacts, and to exercise its influence in South and Southeast Asia against SEATO and in favor of neutralism.

c. *Five-year Plan.* India made known that it would have a gap of about \$1.7 billion in its Second Five-year Plan. The extent to which India will turn to the Soviet Bloc to fill this gap is likely to depend upon the continuity and magnitude of external assistance from the West.

d. *Goa Issue*. The U.S.-Portuguese joint communiqué referring to Goa caused damage to the U.S. position by creating the impression in Indian eyes that the U.S. supports colonialism.

e. *Tata Steel Mill Loan*. Tata has signed an engineering contract with an American firm for its proposed steel mill expansion. He has requested a loan from the IBRD for \$70 million for the financing of foreign exchange costs of construction. It is estimated that about half of the purchases will be made in the U.S.

f. *Oil Bunkering*. India challenged the right of an American-owned oil company incorporated in India to refuse to bunker a ship bound for Communist China. Another such incident might not be resolved without harm to our oil companies or U.S.-Indian relations.

g. *Adequate Subsistence Costs of Indian Visitors*. Difficulties have been encountered in finding means to pay more than \$12 per diem to proposed official visitors to the U.S. from India, specifically the Indian Minister of Education and a proposed Indian parliamentary delegation. The numerous Indian visitors of this rank invited to the Soviet Union and Communist China have all their expenses paid in the host country, but the U.S. Government is limited by law to pay only \$12 per diem in most cases.

h. *Antarctica*. India has notified the UN that it will offer a resolution on the subject of Antarctica relating to international control of its usage.

i. *Atomic Tests in Trusteeship Area*. Krishna Menon has raised a question in the UN Trusteeship Council as to the propriety of the U.S.'s announced plan to hold further nuclear weapons tests in certain Pacific trust territories.

Pakistan

21. a. *Possible Communist Economic Ties*. The Communist Bloc has increased its pressure on Pakistan to establish closer economic and other ties, as evidenced by the Soviet offer to purchase substantial quantities of Pakistan's salable surpluses and by Bulganin's hint that Pakistan could receive Soviet technical aid and increased trade on terms considered favorable by Pakistan if it cut its ties with regional defense alliances.

The view that neutralism has "paid off" for India and Afghanistan has been growing in Pakistan and has led to widespread questioning of Pakistan's policy of cooperation with the West and exclusive dependence on the U.S. for outside aid.

b. *Kashmir and Pushtunistan Issues*. Pakistan's dissatisfaction with the West for failing to support it in the Kashmir and Pushtunistan issues was considerably abated by references to these problems in

the final communiqué of the March SEATO meeting at Karachi.¹¹ Afghanistan reacted mildly to the SEATO statement, merely reiterating its own position on Pushtunistan. India was sharply critical of SEATO for having mentioned the Kashmir issue at all, although the merits of the case were not discussed in the SEATO meeting.

c. *Internal Security.* While the group in control led by Governor General Mirza and Prime Minister Chaudhry Mohamad Ali can always retain its power by falling back ultimately on the loyalty of the Army, there are signs of growing strength in the opposition parties which may make difficult the maintenance of stability and may create heavy pressure on the group in power to alter Pakistan's foreign policy in a direction away from the present close cooperation with the West.

d. *Relations with Afghanistan.* The U.S. will have to exercise such restraint as it can on Pakistani inclinations to seek settlement of their problem with the Afghans by dangerous intrigue against the Afghan ruling group.

Afghanistan

22. a. *Soviet Relations.* The Bulganin and Khrushchev visit, the extension of a large Soviet credit, and increasing Afghan use of trade routes through the USSR brought Afghanistan appreciably closer to the Soviet Bloc. With Prime Minister Daud receiving a vote of confidence from a national meeting of tribal elders, there seemed little prospect of his removal or of a change in his pro-Soviet policy. The U.S. is faced with the problem of how to maintain and develop ties between Afghanistan and the West in the face of the Soviet offensive.

b. *Differences with Pakistan.* The tension between Pakistan and Afghanistan continues to obstruct achievement of U.S. objectives in Afghanistan. While the expected high-level talks gave hope for relaxation in Afghan-Pakistan tension there seemed little prospect for progress in the basic dispute on Pushtunistan. The U.S. desire to see improvement with U.S. assistance of Afghan trade and communications with the West through Pakistan encountered the Afghan unwillingness to become dependent again on trade routes through a neighbor considered unfriendly. The U.S. may have to decide whether to increase the level of its aid programs in Afghanistan as a means of demonstrating continued U.S. interest. In any event maintenance of U.S. prestige heavily involved in the Helmand Valley development required a coordinated plan for moving forward and for attracting Afghan confidence and support.

¹¹ Printed in Department of State *Bulletin*, March 19, 1956, pp. 447-449.

Nepal

23. *Economic Relations with Communist China*. Talks between Communist China and Nepal on economic and possible representation matters are reported to be scheduled for the near future in Peking. In addition, the new Prime Minister of Nepal¹² has asserted that Nepal is prepared to accept unconditional aid from any country, including the USSR. The U.S. may wish to open a diplomatic establishment in Nepal on short notice if the Chinese Communists indicate they will do so.

¹² Tanka Prasad Acharya became Prime Minister on January 27.

2. Editorial Note

On April 27, the National Security Council, in Action No. 1542, directed the Planning Board to undertake an immediate review of those sections of NSC 5409 pertaining to Afghanistan. This review was prompted by the recent Soviet aid agreement with Afghanistan. At its 285th meeting on May 17, the NSC discussed the Planning Board's proposed changes in NSC 5409. For a memorandum of that discussion, see Document 118.

3. Progress Report by the Operations Coordinating Board¹

Washington, November 28, 1956.

PROGRESS REPORT ON "UNITED STATES POLICY TOWARD SOUTH ASIA" (NSC 5409)

(Policy Approved by the President March 6, 1954)

(Period Covered: March 28, 1956 through November 28, 1956)

A. Summary of Operating Progress in Relation to Major NSC Objectives²

1. *OCB Recommendation Regarding Policy Review.* NSC 5409 has been reviewed from the standpoint of operating considerations and operating experience to date and of anticipated future developments. It is recommended that the policy be reviewed by the National Security Council for the following reasons:

a. the NSC Planning Board has decided to review existing policy on all of the countries covered by NSC 5409 in connection with its review of policy on Pakistan in the light of the Prochnow Report.³

b. In this connection various considerations might be noted for use in the review. These include:

(1) the perennial food crises which raise serious problems of a policy nature;

(2) the increased Soviet political-economic offensive which raises problems in connection with U.S. aid programs;

(3) indications of a shift in orientation of some of the countries toward a neutralist position.

2. Summary Evaluations

a. *General.* There are four numbered objectives in NSC 5409.

(1) The first objective contains three components: (a) strong, stable governments, (b) friendly to the U.S., and (c) with the will and ability to resist communism within and without. Although

¹ Source: Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5409-Memoranda. Secret. Forwarded to the NSC under cover of a note from Staats to Lay dated December 3. An attached financial annex is not printed.

² NIE 52-56, Probable Developments in Pakistan. (To be published early in Dec.) NIE 53-56, Probable Developments in Afghanistan's International Position, Jan. 10, 1956.

NIE 51-56, India Over the Next Five Years, May 8, 1956.

No estimates published or anticipated on Nepal and Ceylon. [Footnote in the source text. For texts of NIEs 52-56 and 53-56, see Documents 216 and 111, respectively. NIE 51-56 is not printed.]

³ Herbert V. Prochnow had recently chaired an interdepartmental committee which had reviewed certain U.S. aid programs, including the program in Pakistan. The Prochnow Committee Report was circulated to the National Security Council on August 3 as NSC 5610.

Pakistan is the only country in South Asia openly aligned with the U.S., India, Ceylon and Afghanistan have continued to demonstrate their will to resist communism. However, Nepal, Ceylon and Afghanistan have entered into new arrangements in varying degrees with Communist China or the USSR which make them more vulnerable to the communist political-economic offensive. Ceylon has taken steps to weaken its ties with the U.K. and simultaneously has shown a receptive attitude toward the offerings of the communist bloc. India has continued to maintain an official neutral position accepting assistance from both the communist bloc and the U.S. These countries are not unfriendly to the U.S. The governments of South Asia appear strong enough to maintain their present domestic policies.

(2) The second objective likewise contains three components: (a) greater cooperation among the South Asian countries; (b) greater cooperation between them and the Free World; and (c) full recognition that their national interests are served thereby. Cooperation between these countries and the Free World may be endangered by the Middle East crisis which could have serious economic and political consequences. About seventy percent of the area's total imports pass through the Suez Canal. While India, Pakistan and Ceylon do not at present appear likely to withdraw from the Commonwealth, the political crisis may still develop in such a way as to renew this threat. Strong distrust of Britain and France has been manifested, and there is likely to be popular pressure to de-emphasize ties with the West. Pakistan's attitude toward the Baghdad Pact may also be subject to some change, especially if their expectations of early U.S. adherence fail to materialize. As a result of the replacement of the Kotelawala Government by the Bandaranaike Government, Ceylon has tended to weaken its ties with the U.K. There has been greater awareness among the countries of the area of the need to cooperate more closely among themselves; this has been to some extent achieved under the Colombo Plan. Afghanistan and Pakistan have made limited progress in improving the atmosphere in which their differences are being considered. During President Mirza's visit to Kabul in August, means were discussed to improve their international communications and transit arrangements, and both countries have welcomed U.S. friendly assistance to these ends.

(3) A third objective is the improvement of the basic economies of the nations. India has completed its first Five Year Plan achieving an appreciable increase in per capita real income. Ceylon's economy has made no outstanding improvements nor has it deteriorated noticeably. Afghanistan, as a result of seeking alternatives to dependence on Pakistan for critical services affecting its economy, accepted Soviet offers of aid and appears to have mortgaged its economy for years to come. Nevertheless, its economy is of a nature which has not altered greatly under existing political and economic pressures, and it has shown some recognition of the importance of strengthening its economic ties with the Free World.

(4) A fourth objective contains two components: (a) military strength contributing to area stability and (b) contributing to the stability of the Free World. Although Afghanistan and India resent Pakistan's membership in SEATO and the Baghdad Pact, some progress was made in area stability, however, in that Pakistan and

Indian military forces improved in quality, and the defense of the Free World was strengthened thereby in some measure.

b. U.S. Operations Aimed to Accomplish the Foregoing Objectives:

(1) *Defense Assistance.* Pakistan is the only country in the area which has a Defense Assistance Program. The 1954 U.S. commitment to Pakistan consists of filling equipment deficiencies in certain force objectives. A joint State, Defense, ICA Committee estimated in the Spring of 1956 that the cost of fulfilling this commitment was about \$430 million, including consumables and construction. As of 30 September 1956 about \$201 million in military assistance had been programmed and about \$72.8 million delivered. There have been no recent complaints from high Pakistan sources regarding delays in deliveries or unsatisfactory quality of items. The attitude of the Suhrawardy Government, which took office on September 12, 1956, toward the continuation of the U.S. military aid program has not yet been determined, although there have been some assurances that no radical changes are to be expected in the near future. During the period April 1-July 31, 144 training courses were completed by Pakistan students in the U.S.

(2) *Progress of 1290-d Programs.* An exploration of the proposals in connection with the 1290-d program for Pakistan⁴ is being made by the Pakistan Government. A U.S. team of experts from the Department of the Army is being developed to be sent to Pakistan, when approved, to assist in training personnel. A program for training 10 Afghan military officers in the U.S. and for four VIP visits to the U.S. are being implemented. \$128,000 has been obligated for training 15 Afghan police officials for one year.

(3) *Economic Aid Programs and Progress in Meeting Commitments or Program Schedules:*

India. In general, program commitments were met satisfactorily and without undue delay. The U.S. consummated a \$360 million agreement with India for the purchase of U.S. surplus agricultural products. The agreement provides that \$288 million or 80% of the local currency generated would be used for developmental loans and grants, of which \$55 million would be for loans to the private sector of the economy. Receipts of wheat under P.L. 480 should help stabilize prices of food. Indo-Japanese negotiations on the Orissa Iron Ore project await assurance by the U.S. that financial assistance will be forthcoming. Such assurance has been withheld pending a special U.S. survey of the project. A draft contract for the survey has been sent to USOM, about October 1, for discussion with the GOI.

Pakistan. Programming of technical cooperation and defense support aid continued to be hampered by inadequate Pakistan administrative and technical services, and by the difficulty of recruiting satisfactory U.S. personnel. USOM and the Government of Pakistan are conducting a thorough review and evaluation of all project activities. Some of these, such as the Ganges-Kobadak irrigation project, had been plagued by inef-

⁴ See Document 196.

fective management, lack of coordination, and considerable delay in implementation. New projects are being screened to prevent such difficulties, including consideration of placing full authority in the hands of a contractor to carry specific projects through to completion. A multi-year P.L. 480 program is under active consideration with a view to insuring adequate food supplies to Pakistan during the course of the current Five Year Plan. This planned program is regarded as a major step in attempting to meet Pakistan's perennial food crises. To help Pakistan in its immediate problem of averting a crisis in food prices, consideration is now being given its urgent request for 220,000 tons of wheat under Title I of the FY 1957 P.L. 480 agreement previously concluded with that country.

Afghanistan. Program commitments were met satisfactorily, except for difficulties in recruitment of several important technicians. A special survey mission has made an intensive study of the Helmand Valley multi-purpose development to assist the Afghan Government in determining those measures needed to assure its success. A preliminary report is being studied in preparation of the final report to be ready about December 17. A food crisis caused by flood and drought led to the acceptance of an offer of up to 40,000 tons of wheat under P.L. 480, Title II. In connection with the Afghan-Pakistan transit project apparently satisfactory assurances have been received from Afghanistan that the project is needed and desired. Upon the receipt of similar assurances from Pakistan a U.S. survey mission will study the economic and engineering problems involved in the project.

The United States concluded an agreement in June to expand air transportation facilities in Afghanistan at a cost of \$14.5 million.⁵ Implementation of this project has been delayed for several months, primarily because of difficulties in reaching agreement with Pan American World Airways. The Embassy at Kabul reports that this delay is leading to disillusionment on the part of the Afghan Government. The importance to U.S. policy objectives of the earliest possible conclusion of this contract was recognized and the responsible agencies were moving toward such a conclusion at the end of the reporting period.

Nepal. Program commitments were met satisfactorily. At the same time India has agreed to tripartite cooperation with the United States and Nepal in connection with local projects and with a regional project for development of Nepal's roads.

Ceylon. Since the FY 1956 Development Assistance and Technical Cooperation programs were signed April 28, 1956,⁶ program implementation has just begun. Operations are proceeding smoothly and no serious problems have arisen. Economic aid agreement was concluded with Ceylon in April 1956 with the present government, but had been negotiated with the previous government.

⁵ Entered into force June 23. (7 UST (pt. 2) 2047)

⁶ See Document 139.

(4) *Information Programs:*

India. U.S. programs were aimed to reach the literate twenty percent of Indians in fifty cities and, in general, financial and other resources were committed on schedule. Progress was discerned in a milder Indian view toward the U.S., a better appreciation of the worldwide U.S. effort to promote an Atoms for Peace Program, and in more favorable Indian attitudes toward U.S. aid programs. The GOI continued to berate communists in India

Pakistan. Projects which showed effective results were: wide distribution of Khrushchev's speech before the Twentieth Congress; provision of background material on the Suez dispute; featuring Baghdad Pact and SEATO activities; initiation of an Armed Forces Information Program; production of six motion pictures (three on economic development, two on direct anti-communist themes, one on the Pakistan Army); organization of a Pakistan-America Society in East Pakistan, expansion of the activities and prestige of the six societies in West Pakistan.

Afghanistan. The most successful effort was the production . . . of a 45-minute full color motion picture, which featured economic development, particularly the Helmand Valley Project, and the religious heritage of Afghanistan.

In general, the government continued rigid restriction and censorship of information activities. There was increased inclination of students and minor officials to look favorably on the USSR and to be critical of the U.S.

Ceylon. With the change of government in April, nationalist and left-wing elements began to criticize the existence in Ceylon of U.S. radio transmission facilities.

B. *Major Operating Problems or Difficulties Facing the United States*1. *General:*

a. *Opposition to SEATO and the Baghdad Pact.* The Indian Government has taken the lead in opposing these two regional organizations and will probably continue to oppose any important steps taken to strengthen their military aspects as will other nations in the area which follow similar lines. In this category fall Afghanistan, Ceylon and Nepal. This is a continuing problem for which there appears no ready solution.

b. *U.S. Private Investment in South Asia.* Soviet bloc economic overtures in the area have led to suggestions that they be counteracted in part by increasing the participation of private U.S. foreign capital in the economic development of the area. The climate for such investment in the area varies but leaves much to be desired. The basic question is how the U.S. Government should seek to stimulate private investment in the area.

c. *Perennial Food Crises in the Area.* The promotion of better agricultural production is necessary in all of the countries in the area, and in some of the countries there are acute food crises

annually. The provision of U.S. surplus agricultural commodities under P.L. 480 agreements is welcomed by the countries of the area because it enables them to meet emergency situations and helps to stabilize food prices. U.S. interests and prestige can be adversely affected, however, by long delays in the receipt of such commodities by these countries because of their difficulty in securing shipping space, now aggravated by the Suez Canal problem.

d. *Soviet Economic and Psychological Inroads.* The ICA programs, especially in Nepal and Afghanistan, are considered by host governments to be in competition with the Soviets and in some instances Soviet and U.S. technicians, in Afghanistan, are being requested to work together. U.S. technical activity under such circumstances is determined on a case-by-case basis, taking into account the nature of competitive offers of Soviet assistance. These governments are under constant pressure to accept Soviet offers, and U.S. delays in concluding new projects and implementing agreed projects increase this pressure. The U.S. is seeking to determine policies and courses of action to meet this problem.

The Free World is faced by a problem which will become increasingly serious in proportion to the success of Soviet bloc efforts to intensify economic penetration of the area. Soviet bloc economic influence in India is indicated by the Bhilhai steel plant in India, arrangements to train hundreds of Indian technicians in the USSR, offers of long-term loans, technical assistance and expanded trade. The extraordinarily large credits made available to Afghanistan by the Soviet bloc impose a heavy burden on the Afghan economy and may lead to a complete re-orientation of foreign trade towards the USSR. Nepal has accepted a large grant and industrial equipment from Communist China. Pakistan and Ceylon continue to trade largely with the Free World. Nevertheless, Ceylonese efforts to expand its markets have resulted in an increase of trade with the Soviet bloc and may lead to closer economic or technical assistance ties with the communists. Pakistan, too, has negotiated new trade agreements with the Soviet bloc, seeking to expand exports of jute and cotton.

2. India

India's Second Five Year Plan. The Second Five Year Plan calls for a doubling of the developmental activity of the previous five years. It imposes heavy strains on the financial and administrative structure of the country. The most critical immediate problem is that of foreign exchange resources needed to implement the Plan. India's foreign exchange holdings are now declining at a rate which will exhaust within the first 12 months the reserves counted on for the five-year period. Reasonable success in achieving economic progress such as is envisaged by this plan may be highly important to the

continued effectiveness of democratic institutions in India. The U.S. is planning to re-examine its economic aid policy toward India in an effort to gain the maximum influence on India's political economic future from aid and investment actions.

3. Pakistan

a. *Negotiation for Base Rights in Pakistan.* For political reasons, negotiations have not been initiated for base rights in Pakistan desired by the Department of Defense.

b. *U.S. Aid Programs in Pakistan.* Fundamental decisions concerning the nature and magnitude of U.S. military and economic aid programs are required. It is expected that these decisions will be made in connection with the NSC review called for by Action 1624.⁷

4. Afghanistan

Soviet Military Aid to Afghanistan. Recent Soviet bloc offers of military aid involve substantial loans extended by the USSR and Czechoslovakia. These were estimated to total \$25-\$30 million. No details are available concerning delivery dates but it is reported that delivery of equipment obtained from credit extended by Czechoslovakia in 1954 in the amount of approximately \$3 million has been substantially completed. This situation poses problems for the U.S. Government which are primarily of a political-economic nature and should be included among the factors affecting our political relations with Afghanistan and the size and nature of our economic assistance.

5. Ceylon

Ceylon Naval and Air Facilities. The Ceylon Government is negotiating the status of British naval and air facilities in Ceylon. This situation poses a problem not only for the British but for the U.S. Government in connection with contingent defense plans for the area and the need to plan for alternative bases.

6. Nepal

Communist China's Influence in Nepal. Nepal concluded a new trade agreement with Communist China and agreed to accept economic aid. At the same time there has been anti-Indian sentiment in Nepal partly because of India's proprietary attitude toward Nepal. The U.S. has the problem of trying to help Nepal remain independent of Communist China's economic and political influence while coordinating our programs to avoid conflict with Indian interests.

⁷ This action, taken by the NSC at its 301st meeting on October 26, directed the Planning Board to review the scope and allocation of military and non-military aid programs for Korea, Pakistan, Turkey, Iran, and Taiwan on a priority basis and to recommend to the NSC appropriate revisions in existing policies. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the NSC, 1956)

Nepal also agreed with Communist China for the exchange of consulates general, though no date was set for the opening of the Chinese Communist post. The U.S. is planning to open a corresponding post in Nepal.

C. Listing of Additional Major Developments During the Period

1. The pro-western Ceylon Government of Prime Minister Kotelawala was defeated in the April elections, bringing into power a government which began to chart a neutralist course in international relations.

2. Nepal concluded a basic treaty for regularizing relations with Communist China, and its Prime Minister visited there for two weeks, and signed a large aid agreement.

3. Nehru's visit was postponed from July to December, 1956, because of President Eisenhower's illness.

4. The report of the Brookhaven Survey Team on the establishment of a regional nuclear center, as proposed by the United States to the Colombo Plan nations, has been received. Appropriate methods for implementation are under study. The Brookhaven Report will be distributed to and discussed with Colombo Plan nations at the meeting in Wellington.

4. Memorandum of Discussion at the 308th Meeting of the National Security Council, Washington, January 3, 1957¹

Present at the 308th Council meeting were the President of the United States, presiding; Deputy Under Secretary of State Robert Murphy for the Secretary of State; the Deputy Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Secretary of Commerce (for Items 2 and 3); the Special Assistant to the President for Disarmament; the Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Director, International Cooperation Administration; the Acting Director, U.S. Information Agency; General Nathan F. Twining, Acting Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Clarence B. Randall, Special Assistant to the President; the White House Staff Secretary; Assistant Secretary of

¹ Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on January 4.

State Bowie; Assistant Secretary of Defense Gray; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

[Here follows discussion of agenda item 1, "Significant World Developments Affecting U.S. Security."]

2. *United States Policy Toward South Asia* (NSC 5409; Progress Report, dated November 28, 1956,² by OCB on NSC 5409)

The National Security Council:

Noted the reference Progress Report on the subject by the Operations Coordinating Board.

3. *U.S. Policy Toward South Asia* (NSC 5610);³ NSC 5611, Part 2;⁴ NSC 5409; NSC 5617;⁵ NSC Actions Nos. 1486, 1560 and 1624;⁶ Progress Report, dated November 28, 1956, by OCB on NSC 5409; Memos for NSC from Executive Secretary, subject: "Report by the Interdepartmental Committee on Certain U.S. Aid Programs", dated November 21 and December 5, 1956;⁷ Memo for NSC from Executive Secretary, subject: "U. S. Policy Toward South Asia", dated December 13, 1956;⁸ Memo for All Holders of NSC 5617, dated December 21, 1956⁹)

² *Supra.*

³ See footnote 3, *supra.*

⁴ "Status of Military Assistance Programs as of 30 June 1956," Report by the Department of Defense to the NSC, September 15, 1956.

⁵ This draft statement of policy toward South Asia, prepared by the NSC Planning Board and circulated to the Council on December 7, was considered by the NSC at this meeting. The differences between this draft and the official statement approved by President Eisenhower as NSC 5701 on January 10 are fully explained below.

⁶ NSC Action No. 1486, taken by the NSC at its 269th meeting on December 8, 1955, authorized the review of U.S. military assistance and supporting programs. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the NSC, 1955)

NSC Action No. 1560, taken by the NSC at its 285th meeting on May 17, supplemented NSC Action No. 1486 by instructing the Prochnow Committee to take into account several additional factors in preparing its report, such as the limited nature of available U.S. resources and the possibility that U.S. aid might place burdens upon the recipient countries which their resources would be unable to bear for a sustained period. (*Ibid.*)

Regarding NSC Action No. 1624, see footnote 7, *supra.*

⁷ Neither printed. (Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5610 Series)

⁸ This memorandum enclosed the views of the Joint Chiefs of Staff on NSC 5617 which were discussed at this meeting. (*Ibid.*, NSC 5617-Memoranda)

⁹ This memorandum transmitted certain changes in paragraph 44 of NSC 5617 agreed upon by the NSC Planning Board. (*Ibid.*)

The Executive Secretary briefed the Council on both the Progress Report on NSC 5409 and the contents of the newly revised policy statement on South Asia drafted by the NSC Planning Board (NSC 5617). At the conclusion of his briefing he called the Council's attention to the various splits, and suggested that the Council resolve these splits in the order that they occurred. The first split appeared in paragraph 29, on page 14, and Mr. Lay suggested that the substance of the split could be dealt with more effectively when the Council came to a similar split in the courses of action in paragraph 69. Mr. Lay then went on to the second split, which appeared in paragraph 46, on page 18. As drafted by the Planning Board, paragraph 46 should read as follows:

"46. Should overt Communist aggression occur against a South Asian state, other than Pakistan, and should such state resist the aggression and make a timely appeal to the UN for assistance, support UN action to counter the aggression, including the use of force if a vital U.S. interest is involved: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress."

The Joint Chiefs of Staff, however, had suggested the addition, at the end of the last sentence of the paragraph, of the following language: "unless the emergency is deemed by the President to be so great that immediate action is necessary."

After Mr. Lay explained why the Joint Chiefs proposed this additional language, the President stated that he believed we were talking about something which was highly academic. He said any President who was contemplating action of the sort envisaged by the Joint Chiefs without resort to Congress would simply have to pray over the wisdom of his action. Essentially this would have to be the President's own decision, and he could see no reason why it was necessary to put the JCS proviso into a statement of policy.

Governor Stassen was of the opinion that the question raised by the President was one of great constitutional import. For example, if the Supreme Court were ever to make a decision as to the constitutionality of military intervention by the President without the consent of Congress, they might be strongly influenced by a policy statement such as was proposed by the Joint Chiefs as an addition to paragraph 46. In reply to this, the President pointed out to Governor Stassen that, after all, the National Security [Council] was nothing but an advisory body to the President. It made no decisions of its own. It merely recommended decisions which the President might take. Governor Stassen answered by expressing fear that a doctrine might grow up that the President could never act in emergencies of this sort without the prior consent of Congress. This might be dangerous for the power of the Presidency. The President responded

by stating that, on the contrary, he believed that the omission of the proposed JCS language would actually strengthen the hand of the President, who would make his emergency decision without the benefit of any preconceived policy guidance.

Still not satisfied, Governor Stassen suggested amendment of the Joint Chiefs' language by the insertion of the phrase "and vitally affects U.S. security" after the words "so great" in the Joint Chiefs' language. The President, however, was unwilling to accept the JCS proposal as amended by Governor Stassen

It was accordingly agreed not to include the language proposed by the Joint Chiefs of Staff.

Mr. Lay then directed the Council's attention to the next split, which occurred in paragraph 51, on pages 19, 20 and 21 of NSC 5617. Mr. Lay pointed out that while the Majority Proposal of the Planning Board called for fostering conditions and government policies favorable to greater participation by private enterprise in the economic development of South Asian countries, the proposal by the Department of Commerce called for us to direct our action in favor of private enterprise at the governments of the South Asian countries. Moreover, the Commerce Proposal with respect to fostering free enterprise in the countries of this area was considerably more detailed than the majority of the Planning Board considered appropriate. Mr. Lay suggested that Secretary Weeks might wish to speak to this issue.

Secretary Weeks commented that the difference of opinion between the Majority Proposal and the Commerce Proposal was not serious. He agreed that it was something of a matter of semantics, but that the Commerce Department had been motivated by a desire to make the courses of action in support of private enterprise more specific and more in line with NSC economic policies applying to other parts of the world, such as, for example, Latin America. He could, however, perceive no basic difference of opinion between the two texts.

The President stated firmly that if in our dealings with other nations the United States tries to impose its own economic system, the result would shortly be self-defeating. It was obvious that we must fight one enemy at a time. Our great enemy was Soviet Communism, and we cannot argue with friendly nations about the wisdom of their form of government without missing our chief objective, which is to counter Soviet Communism. Moreover, every single country in the world, not excluding the United States itself, has certain elements of Socialism in its government and in its economy. In the case of India, where the average annual income of the Indian citizen was less than \$200, it seemed obvious to the President that only government credit could do much to achieve the

economic benefits that the country required. In point of fact, it was fatuous to imagine that private enterprise alone could achieve India's economic objectives.

Secretary Weeks replied that if this NSC document was to be made public he would agree with the President; but after all, we were here dealing with a secret directive. Secondly, he wished to point out that if we would approach this problem from the angle suggested by the Commerce Department, the result would be to encourage greater investment of private U.S. capital in India.

Secretary Humphrey said that he believed there were three more points to which the Council should direct its attention. The first of these was the issue of encouraging private enterprise, about which we had just been talking. Secondly, there were in existence at the present time no less than three commissions or committees engaged in the study of our foreign assistance programs world-wide. In view of this fact, Secretary Humphrey believed it was foolish to engage in a change of our policy with respect to South Asia or any other country until these commissions had made their final reports. Secretary Humphrey said that his third point related to the problem of the outflowing of our money. As the Council knew, he said, he was terribly concerned with our imbalance of U.S. payments. This was a very serious situation, and one that called for radical action by the United States. He did not believe that the United States was sufficiently rich to continue to see its dollars flowing out in such profusion to foreign countries. We would therefore have to be more selective in the matter of our payments abroad. Indeed, such payments abroad might well run up to as much as \$2 billion this year if the imbalance of payments continued. In any event, no single country policy paper should have money appropriated or earmarked for payment independently of consideration of U.S. payments to all other foreign countries.

Secretary Humphrey then returned to his first point—the question of free enterprise. He stated that India was an extremely good illustration of why you cannot take money which is developed from free enterprise in the United States and give it to a foreign government with the expectation that that foreign government will put this U.S. money into the development of private enterprise in the country in question. As an illustration of the point he was making, Secretary Humphrey cited the unfair competition by the government-owned with privately-owned steel plants in India, and predicted that the situation he was citing would get worse for free enterprise rather than better. He concluded his statement by asserting that the difference between Socialism and Communism was mighty thin. The results were the same and, in point of fact, we are

making use of our own capitalist system to promote Socialism abroad.

The President replied that he simply could not agree with Secretary Humphrey's argument, and insisted that we had quite a lot of Socialism right here in the United States. Secretary Humphrey agreed with this latter statement, but pointed out that the Administration was getting government out of business just as fast as it could, and that to do so was the policy of this Administration.

The President asked Secretary Humphrey if he had ever read the new Indian Five-Year Plan. Secretary Humphrey replied that he had not read the Plan, although he had seen copies of it. The President proceeded to comment on certain highlights of the Five-Year Plan, which was followed by a repetition by Secretary Humphrey of his arguments against Socialism, with particular reference to the steel industry in India. The President replied by noting the belief in India that some 17 large and vital industries would have to be run by the Indian Government; whereas the remainder could safely be left to development through private enterprise. Secretary Humphrey believed that all 17 of these industries could be easily developed by private resources if only the right kind of climate prevailed in India. We should look at what we are doing with respect to investment in our own country. It had never been at such high levels, and Secretary Humphrey said he just did not think it was right to take money away from competitive industry in the United States and hand it over to government enterprise in foreign countries.

The President called Secretary Humphrey's attention to the fundamental objectives of the United States in its foreign assistance programs—namely, to provide assistance to non-Communist governments to save them from Soviet domination. If we ourselves did not aid countries like India, we could be sure that Soviet Russia would do so. Secretary Humphrey answered that if this was the way the Indians wanted to get their assistance, that was the way they ought to get it. The President again said that he could not possibly agree with Secretary Humphrey. Nehru had on his hands a population of some 350 million people, many of whom were living on the verge of starvation. No government in India could stand aside and ignore such a situation, any more than the United States Government could have opposed the development of social security for Americans.

Secretary Humphrey was not impressed with this argument, and stated that if Prime Minister Nehru had a couple of good managers running a private steel business in India, he would get good results and would attract plenty of private capital from a variety of sources, including the United States. The President admitted that this was a possibility, but pointed out that if it were to happen, Secretary Humphrey would still be face to face with the problem of the

imbalance of U.S. payments. After all, it made no difference whether the outflow of American funds was in the form of private investment or of government grants or loans. To this, in turn, Secretary Humphrey agreed, but said that even if private U.S. dollars were to flow out to India, we should at least have the assurance that our funds were being effectively used to develop private enterprise. The President then mentioned that Sweden, with a semi-Socialist economy, must be reckoned one of the most prosperous states in Northern Europe. Secretary Humphrey said he nevertheless believed that our economic system was the best system. If the Swedish system were the best one, we had better adopt theirs. The President answered that of course he too believed that our system was the best system for us; but he was not talking about us, he was talking about other countries such as India. The President then suggested to Mr. Lay that he move on to the next split. Secretary Weeks, however, said he had a suggestion for a change in subparagraph d of paragraph 51, on page 21 of NSC 5617. As originally written, this subparagraph read as follows:

"d. Encouraging and assisting South Asian states to expand their trade with each other and with other countries of the free world, particularly with other Asian countries and the United States, in conformity with NSC 5602/1."¹⁰

With respect to this proposed course of action, Secretary Weeks reminded the Council that this Government had been trying to get Japan to work out a proposed restriction on the importation of Japanese textiles into the United States. The above statement in paragraph 51-d seemed quite contrary to the proposal on textiles. Accordingly, Secretary Weeks recommended that the whole subparagraph be deleted or that, in any case, those words in the subparagraph beginning with the adverb "particularly".

The President said that he was rather inclined to agree on the wisdom of Secretary Weeks' proposal, though he also believed that in the long run only a general increase in world trade, with the United States participating, would provide countries such as India with what they require and wish. The President added that he also was inclined to agree with Secretary Humphrey that it was foolish for the Council now to be making decisions on the shape of our foreign aid programs prior to having the findings of the several commissions and committees who had been asked to undertake long-range studies of these assistance programs. Why, in fact, were we required to make such decisions at the present time?

¹⁰ NSC 5602/1, "Basic National Security Policy," was approved March 15, 1956.

Mr. Lay explained the necessity of developing at this time our mutual security program for Fiscal Year 1958. At the conclusion of Mr. Lay's explanation, Secretary Humphrey said he was still opposed to any decision at this time on our aid programs for the South Asian area. Mr. Brundage also stated that it was already too late for the present policy statement to have any effect on the FY 1958 budget. Mr. Brundage also complained that the present policy statement bore no relation to the findings of the Prochnow report (NSC 5610).

The President ordered the portions of subparagraph 51-d to which Secretary Weeks had objected, to be deleted. Secretary Murphy said that it was germane to notice that Japan was buying twice as much in the United States as the United States was buying in Japan, and that the policy in paragraph 51-d contained precisely the doctrine which we were now preaching to Tokyo. He said that the State Department could probably live with the subparagraph as changed by Secretary Weeks, but it would represent something of a problem.

The President observed that he believed it to be a fact that in the long run the United States would never succeed in straightening out its own problems until the people of other countries managed to achieve higher wages. There was, he said, also another view of his with which many members of the National Security Council would not agree—namely, his conviction of the folly of a U.S. policy which prevented the United States from trading with Communist countries. But, said the President, no one seemed to pay very much attention to his well-known view on this subject. Secretary Humphrey stated that he would have to admit that he was on the President's side with respect to this issue (laughter).

After further discussion of the problem of private enterprise in foreign countries, the President summarized his own position with a statement that if the United States waits for private enterprise to flourish and to solve all the problems which confront states such as India, we might just as well tear up all these policy papers on Asia. Governor Stassen supported the President with a statement that our own U.S. success in the sphere of private enterprise depended in very large part on the creation and development of successful economies in foreign countries.

The discussion then switched to the area of Pakistan, with particular reference at the outset to the very large proportion of U.S. assistance allocated to the military assistance program for Pakistan. The President observed that we had decided some time ago that we wanted Pakistan as a military ally. Obviously it had been proved costly to achieve this objective. In point of fact we were doing practically nothing for Pakistan except in the form of military aid. The President said that this was perhaps the worst kind of a plan

and decision we could have made. It was a terrible error, but we now seem hopelessly involved in it.

Mr. Lay interposed to point out to the President that the issue he had just raised with respect to Pakistan was the subject of the next split in NSC 5617, which occurred in paragraphs 68 and 69, on pages 23 and 24. These paragraphs read as follows:

"68. For the present continue to support, by providing U.S. military assistance in accordance with paragraph 29, Pakistan forces capable of maintaining internal security, of offering limited resistance to external aggression,¹¹ and of contributing to collective security by these means and by the provision of token forces for collective military operations outside Pakistan.

"69. [Initiate at the earliest practicable time conversations with the Government of Pakistan designed to achieve agreements as to U.S. aid programs which will be more moderate in their demands on U.S. resources and on the Pakistan economy.]¹²

After Mr. Lay's explanation of the Budget proposals in paragraphs 68 and 69, the President commented that we had the same damned problem with Turkey. Mr. Brundage complained that while we had had all the benefits of Mr. Prochnow's studies of the economies of these underdeveloped countries, we seem to have paid no attention to his findings in so far as they applied to Pakistan. Another objection, continued Mr. Brundage, was that the more military assistance we give to Pakistan, the more assistance India in turn will expect from us. Mr. Brundage said he could not understand why we did not take a complete new look at our military assistance program for Pakistan.

Mr. Lay pointed out that the Planning Board itself had expressed some anxiety over the force levels which were to be maintained in Pakistan, but that the Planning Board had felt that we had made a commitment to Pakistan with respect to this program, and that from a political point of view we were obliged to live up to the commitment. The President replied that he understood the feeling of the Planning Board, but that he nevertheless felt that our tendency to rush out and seek allies was not very sensible. Suppose, for example, we undertook to make India a positive ally of the United States. In such a circumstance, said the President, there wouldn't be enough money in the United States to provide the support that India

¹¹ "Budget proposes that any modification of current programs based on this statement of missions be deferred pending presentation to the National Security Council of a report by the Department of Defense on its definition, particularly as to the period of time involved, of the term 'limited initial resistance'. (See NSC Action No. 1599-c)" [Footnote in the source text. NSC Action No. 1599-c was taken by the NSC at its 295th meeting on August 30. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the NSC 1956)]

¹² "Budget Proposal." [Footnote and brackets in the source text.]

would require as an ally of the United States. The President reiterated his belief that in some instances the neutrality of a foreign nation was to the direct advantage of the United States. The President confessed that he did not quite know what to do about the military program for Pakistan. If we accepted the proposal of the Bureau of the Budget for paragraph 69, it might have severe repercussions on our relations with Pakistan, and might even destroy the Baghdad Pact. On the other hand, the President expressed the opinion that some skillful negotiator ought to try to induce the Pakistani themselves to suggest changes in this military assistance program over a period of time.

Secretary Murphy said that the President's last suggestion was exactly what the State Department would like to do—namely, to work toward some reduction of our military assistance program in Pakistan while avoiding serious political repercussions. He felt that this course of action could be carried out if we were given sufficient time to do it. Moreover, the State Department could accept the Budget language in paragraph 69 if this were the interpretation to be placed upon it.

Secretary Gray spoke briefly on the nature of our earlier commitment to Pakistan with respect to force levels and costs. He pointed out that the costs in practice had been much higher than the original calculation. Nevertheless, we seem to be stuck with it, for the Pakistani feel that we have made a certain commitment to them, a view which is shared by the State Department. About the only possible course of action left open to us in resolving this dilemma was at least to avoid any further build-up of the Pakistani armed forces.

The President suggested that it would do no harm to try a little education to these people. A little good common sense might ultimately appeal to the Pakistani.

Secretary Robertson then suggested a possible substitution for the language proposed by the Bureau of the Budget for paragraph 69. He suggested that instead of this language the Council agree to adopt the language applied in a similar circumstance to our assistance programs for Southeast Asia. This language read as follows:

"Noted the President's request that the Department of State, in consultation with the Department of Defense, explore the possibility, based upon a study of the rising trends of U.S. aid programs in the entire SEATO area, of arranging conferences with the nations in that area in an endeavor to achieve agreements as to future U.S. aid programs in that area which will be more moderate in their demands

upon U.S. resources and the local economies." (NSC Action No. 1599-e)¹³

The President did not immediately grasp the import of Secretary Robertson's suggestion, and suggested language which would have the President direct the State Department to review with Pakistan at an appropriate time a minimum level of desired military assistance. Mr. Lay, however, reverted to Secretary Robertson's suggestion, and proposed the wording which had been used in the NSC action on the Southeast Asia policy paper. The President then agreed on the desirability of similar language to meet the problem set forth in paragraph 69 of NSC 5617.

The National Security Council:

a. Noted and discussed the draft statement of policy on the subject contained in NSC 5617, prepared by the NSC Planning Board pursuant to NSC Action No. 1624-c; in the light of the Report by the Interdepartmental Committee on Certain U.S. Aid Programs (NSC 5610), the views of the Joint Chiefs of Staff with respect to force levels in Pakistan (transmitted by the reference memoranda of November 21 and December 5, 1956), and the views of the Joint Chiefs of Staff on NSC 5617 (transmitted by the reference memorandum of December 13, 1956).

b. Adopted the statement of policy in NSC 5617, subject to the following amendments:

(1) Page 14, paragraph 29: Include the bracketed wording and delete the footnote relating thereto.

(2) Page 20, paragraph 51-b: Include the "Majority Proposal" in the left-hand column, and delete the "Commerce Proposal" in the right-hand column.

(3) Page 21, paragraph 51-d: Place a period after the words "free world", and delete the remainder of the paragraph.

(4) Page 24, paragraph 68: Delete the asterisk and the footnote relating thereto.

(5) Page 24, paragraph 69: Delete the paragraph as written and the footnote relating thereto, and substitute therefor the following:

"69. Explore the possibility, in light of the rising trend of the U.S. aid programs for Pakistan, of achieving agreements as to future U.S. aid programs for that country which will be more moderate in their demands upon U.S. resources and the Pakistan economy."

c. Noted the request of the President that the Department of State, in carrying out paragraph 69 of NSC 5617 as amended and in

¹³ This action was taken by the NSC at its 295th meeting on August 30. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the NSC, 1956)

consultation with the Department of Defense, should seek suitable opportunities, compatible with the political situation, of inducing Pakistan, in pursuit of its own interests, to propose revisions of the planned military programs to reduce the future burden on its economy.

Note: NSC 5617, as amended, subsequently approved by the President and circulated as NSC 5701 for implementation by all appropriate Executive departments and agencies of the U.S. Government, and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

The action in c above, as approved by the President, subsequently transmitted to the Secretary of State for appropriate implementation in consultation with the Secretary of Defense.

[Here follows discussion of agenda items 4-7: "Definition of the Term 'Limited Initial Resistance'," "Antarctica," "U.S. Policy Toward Turkey," and "U.S. Policy Toward Formosa and the Government of the Republic of China."]

S. Everett Gleason

5. National Security Council Report ¹

NSC 5701

Washington, January 10, 1957.

STATEMENT OF POLICY ON U.S. POLICY TOWARD SOUTH ASIA

(India, Pakistan, Afghanistan, Ceylon and Nepal)

General Considerations

1. South Asia has become a region of major international importance. The five countries of the subcontinent have a population of about 500 million, twenty per cent of the world total. They represent a significant segment of the world's newly-independent,

¹ Source: Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5701-Memoranda. Secret. In a covering note to the NSC from its Executive Secretary, also dated January 10, Lay summarized the action taken by the NSC at its 308th meeting on January 3: "The President has this date approved the statement of policy in NSC 5617, as amended and adopted by the Council and enclosed herewith as NSC 5701; directs its implementation by all appropriate Executive departments and agencies of the U.S. Government; and designates the Operations Coordinating Board as the coordinating agency." A financial appendix is not printed.

"under-developed", and vigorously anticolonial countries. India, in particular, has emerged as a foremost representative of the Asian-African, or "Bandung", region and is the leading political contender with Communist China in Asia. Pakistan actively seeks leadership of the Moslem world and is the only Asian member of both SEATO and the Baghdad Pact. Three of the South Asian nations—India, Pakistan and Ceylon—are members of the British Commonwealth.

2. In addition to many special difficulties, South Asia exhibits many of the political features that characterize less developed countries in general:

a. *Non-alignment*. Four of the five South Asian governments profess a policy of "non-alignment" in Communist bloc-free world issues and the same approach would have at least some appeal in the fifth country, Pakistan. This policy is not merely a philosophical attitude; these nations, and especially India, consider that their own national interests will best be served by independent international policy.

b. *Anti-colonialism*. Each of these nations is compelled by popular pressures as well as historical experience to oppose the continued existence of European colonies in Asia and Africa. One of these colonial problems present in the area itself is that of the Portuguese possessions on the Indian Coast.

c. *Aspirations for Economic Development*. Each of the countries is confronted by at least some measure of articulate popular aspiration for economic growth. Each lacks to important though varying degrees the skills, administrative expertise and mobilizable resources needed to assure that this aspiration can be reasonably met.

d. *Intra-regional Disputes*. A number of post-independence territorial and political disputes have operated to maintain tension between the South Asian states. The most serious of these are between India and Pakistan over Kashmir, and between Afghanistan and Pakistan over the Pushtu tribes. Pakistan's membership in SEATO and U.S. military assistance to Pakistan are interpreted by many as U.S. intervention in these issues in behalf of Pakistan.

3. In recent years both the USSR and Communist China have waged an intensive campaign to roll back the free world position in South Asia. No longer depending primarily on small or illegal Communist Parties, the USSR is engaged in a vigorous and open diplomatic, propaganda, and economic campaign to increase its influence in the area. Hundreds of South Asian political leaders, technicians and cultural figures have been official guests of Communist bloc countries over the last few years. The Soviet leaders are identifying Soviet policy with the anti-colonialist sentiments in the area; they are appealing to the area's strong desire for peace and non-involvement in world conflict. Finally, the USSR is capitalizing on aspirations for economic improvement through substantial offers of aid, trade, and credits on easy terms and ostensibly with no political strings attached.

India

4. A solid basis has been laid for the Indian national state by a series of domestic political successes: in dealing with the princely states, in conducting national elections, and in laying down a national constitution. The revision of the Indian state structure along linguistic lines has now been completed, thereby alleviating a major divisive problem. However, India is confronted with a colossal problem of economic development.

5. Despite substantial progress made under the first five-year plan (1951-1955), the continuing problem of unemployment and underemployment and the growing public demand for economic improvement have made necessary higher targets for the second plan. Unemployment is increasing in urban areas and provides potential tinder for political extremism. The current plan places main emphasis on industrialization. This involves deficit financing and heavy pressure on foreign exchange reserves. It is evident that the new plan requires that India obtain more than \$2.0 billion from all foreign sources in loans and grants over a five-year period, more than twice that received during the previous plan period. Nevertheless, the higher targets are necessary if India is to cope with its long-term economic problems and hold in check the grave political dangers implicit in large-scale unemployment. The first two years of the plan, in particular, will be critical, as the shift in emphasis of development activity will severely strain India's ability to manage the inflationary pressures of the new approach.

6. Should India fall significantly short of the projected expansion during the crucial next five years and lose the momentum it has gained under Nehru's leadership, it is unlikely to regain this momentum during the foreseeable future. A period of economic and political decline would almost certainly set in, popular support for the Congress Party would diminish, dissension would grow both inside and outside the Congress Party, and unrest would ensue.

7. India's economic development program has international political ramifications as well. The outcome of the competition between Communist China and India as to which can best satisfy the aspirations of peoples for economic improvement, will have a profound effect throughout Asia and Africa. Similarly, the relative advantages to be derived from economic cooperation with the Soviet bloc or the West will be closely watched.

8. In relation to its size and population, India maintains a relatively modest though by no means negligible military establishment. India's abiding concern is to maintain its present margin of superiority over Pakistan. India will continue to purchase military equipment from abroad to modernize its forces, particularly in view

of the anticipated increase in Pakistani combat capabilities as a result of U.S. aid.

Pakistan

9. Despite its success in coping with the weighty problems which confronted it at the outset, Pakistan after nine years of independent existence still lacks many of the basic ingredients of internal stability. The eastern and western parts of the country, separated by about a thousand miles of Indian territory, represent two widely disparate cultural groups, differing from each other in language, social and economic structure, and outlook. Islam is now less of a force for national unity than it was at the inception of Pakistan, and has increasingly become a source of fundamentalist opposition to the development of a modern secular state. The Muslim League, which Pakistan's original leaders used as a vehicle of political control, has steadily degenerated, and no effective rival organizations have emerged to take its place. Although much of the Pakistani population remains ignorant and apathetic about political matters, chronic political instability, recurrent economic crises, and continuing frustration over relations with its neighbors, particularly India, have all contributed to growing popular dissatisfaction with the present state of affairs.

10. Although the viability of its democratic processes has yet to be assured, Pakistan has nevertheless maintained its national unity, and has made progress toward the development of parliamentary institutions and the resolution of the problems inherent in the linguistic and geographic separateness of East Pakistan. Pakistan has also accomplished significant gains in industrial development, and is about to undertake a new five-year development plan that will place heavy emphasis on improving the agricultural, power and transportation bases of the economy. The plan's goals are directed to a major extent to remedying the recurrent food crises, particularly in East Pakistan, where poor marketing and storage facilities and inept administration have aggravated the problems arising from poor harvests of recent years. Heretofore Pakistan's economic program has not received the degree of emphasis placed on economic planning in India. In fulfilling the plan, the immediate bottleneck seems likely to be technical and administrative skills.

11. The Government of Pakistan has developed policies essentially pro-West in outlook and generally pro-United States in implementation, although its adherence to the Baghdad Pact and to SEATO has been motivated largely by fear of India's preponderant military position and its own bitter differences with Afghanistan.

12. Pakistan is in the midst of a military build-up based upon a commitment by the United States to provide equipment.² Pakistan will probably continue to make heavy expenditures on its military establishment. However, maintenance of that establishment will require continuing U.S. matériel and direct forces support not only through the expected completion of the present military aid program in 1959 or 1960 but probably for an indeterminate period. The present Pakistan armed forces (which include about 8½ understrength divisions) are considered adequate to maintain internal security and defend against attack by Afghanistan. The equipment build-up will add to this ability to resist an initial aggressive thrust by limited Soviet capabilities,³ and will increase to some extent Pakistan's ability to deter aggression and to contribute to collective security.

13. Sufficient economic development to indicate continuing progress is estimated as necessary to ensure popular allegiance and reasonable stability in Pakistan. The new economic development plan would require Pakistan to obtain some \$800 million from all foreign sources in loans or grants over the next five years. Technical and administrative obstacles to planned investments will probably be lessened by 1958 so that the increasing need for resources for economic development will coincide with the increasing costs of maintaining the military establishment. The issues are not unmanageable, but they could cause serious friction between the United States and Pakistan.

14. Pakistan, as a major Muslim power, can exert a moderating influence on the extreme nationalism and anti-Western attitudes of the Arab states. Pakistan's position on the Suez issue has been helpful to the United States. It is in our national interest to continue to urge Pakistan to take an active role in Middle Eastern affairs.

Afghanistan

15. The political scene in isolated and primitive Afghanistan is pervasively colored by the dispute with Pakistan over the Pushtu or Pathan tribes living in the northwest frontier area of Pakistan. As a consequence of Afghanistan's effort to win political autonomy for these tribes, relations with Pakistan are chronically embittered and Afghanistan's political and geographic isolation from the rest of the free world has been made more complete. This dispute, combined with Afghanistan's desire for rapid economic development, has made its leaders receptive to offers of Communist bloc economic, technical and military assistance. Such assistance has been extended on an

² See NSC 5610, Pakistan study. [Footnote in the source text.]

³ Estimated in NSC 5610 as 3 to 6 Soviet divisions. [Footnote in the source text.]

impressive scale. Afghanistan has already incurred so heavy a burden of debt to the Communist bloc as to threaten its future independence.

16. At the same time, traditional Afghan suspicions of the USSR almost surely persist. The Afghans are willing to accept Western assistance and technical advice and hope to have the best of both worlds. Through our past aid on the multi-purpose Helmand River project, the United States is identified with an undertaking of major significance for Afghanistan's economic future.

Ceylon

17. So long as British military bases can be maintained there, Ceylon has a potential strategic importance far beyond its small size and population. The neutralist and leftist trends in Asia have substantially engulfed Ceylon and threaten the British bases on the island and even Ceylon's membership in the British Commonwealth. There is also hostility toward the large Indian (Tamil) minority. Political developments in Ceylon thus endanger its relationships both with the UK and with India. Its principal economic problem arises from the phenomenal rate of its population growth. Thus far Ceylon remains oriented to Western values and to Western political institutions, and seems to wish to avoid serious deterioration in its relations with India.

Nepal

18. India views Nepal as a virtual Indian protectorate and is resentful of third-power activities there. Nepal is an object of Communist China's attention and thus a potential source of rivalry between India and the Communist Chinese. Recently India has attempted to improve its position in Nepal in the face of increased efforts by the Chinese Communists to expand their influence. The Nepalese, for their part, are restive under Indian attempts to monopolize Nepal's external political relations and to guide Nepalese domestic policy.

Policy Conclusions

19. The capability of the United States to shape events in South Asia is severely limited. The United States cannot in the foreseeable future expect to bring the four neutralist South Asian countries into regional defense alliances. It cannot rely upon full support from the area for U.S. policies when these touch upon the colonial problems of its free world allies. It cannot fully satisfy the needs of the South Asian countries for external economic assistance. Nevertheless, much can be done to prevent South Asia from becoming pro-Communist.

Progress can be made in increasing South Asian resistance to Communist ambitions and in fostering its recognition of its community of interest with the free world.

20. The political stake of the United States in the independence and integrity of the countries of South Asia, as well as in their stability and peaceful progress, is very large. If India or Pakistan came under Communist influence, chain reaction effects, going as far as Western Europe, would result. Serious political instability in either or both of these large nations would significantly increase Communist influence in the area or, alternatively, might lead to hostilities in South Asia. Either turn of events could engage great power interests to the point of threatening world peace.

21. It remains necessary, therefore, to employ the limited means at our disposal as effectively as possible in South Asia. This will require policies developed country by country, but it will also continue to involve us in intraregional issues and we shall probably find it increasingly necessary that we seek to resolve or at least to keep under control the local controversies that bulk so importantly in the political life of the subcontinent.

22. Pakistan's differences with India and Afghanistan will continue to complicate our relationships in South Asia. A mutually acceptable resolution of the Kashmir issue and the early resolution of other differences must be an important aim of U.S. policy.

23. Participation by the South Asian countries in regional organizations, such as the Colombo Plan and the Economic Commission for Asia and the Far East (ECAFE), particularly in the economic and technical spheres, and the membership of India, Pakistan and Ceylon in the Commonwealth, strengthen the ties between South Asia and the rest of the free world. It is in the best interests of the United States to encourage closer economic cooperation among the South Asian countries, and between them and the other free world countries. Assistance should therefore be extended when feasible to foster regional projects of economic importance to the area and to other free world countries in Asia.

24. The development and application in South Asia of the peaceful uses of atomic energy, under U.S. leadership, will be particularly important for its potential unifying influence as well as its direct benefits to the nations involved.

India

25. It is in the U.S. national interest that the genuine independence of India be strengthened and that a moderate, non-Communist government succeed in consolidating the allegiance of the Indian people. There is an undeniable dilemma for U.S. policy in the

pursuit of these objectives. The Indian policy of non-alignment will on occasion bring India into opposition with U.S. programs and activities, and a strong and increasingly successful India will add weight to this opposition. Nevertheless, over the longer run, the risks to U.S. security from a weak and vulnerable India would be greater than the risks of a stable and influential India. A weak India might well lead to the loss of South and Southeast Asia to Communism. A strong India would be a successful example of an alternative to Communism in an Asian context and would permit the gradual development of the means to enforce its external security interests against Communist Chinese expansion into South and Southeast Asia.

26. The second five-year plan provides at present the best vehicle for action to promote U.S. interest in an independent and stable India. India must have external assistance to attain the goals of the plan as it is now envisaged. It would appear that Western sources of aid other than the United States will fall short of the mark. It is in our interest that India should substantially achieve the broad aims of the five-year plan, in terms of increases in output and employment, and should continue to make an effective assault upon its development problems. The United States should not, of course, engage its prestige in the success of the program.

Pakistan

27. It is in the U.S. national interest that Pakistan, as an active ally of the United States within the area, should strengthen its independence, make sufficient economic progress to assure the allegiance of its people, and improve its internal stability and defensive capabilities.

28. Without substantial external assistance, Pakistan's limited resources are inadequate either to sustain the burden of its military build-up or, after the build-up period, to bear both military maintenance costs and the needs of economic growth. There is only a slight prospect that in the early post-build-up period Pakistan could, unaided, support even one of these programs.

29. In the absence of a Pakistani desire for a reduction of the military burden, failure by the United States substantially to fulfill its commitment to Pakistan: could jeopardize the U.S. political position in the area and weaken planned defenses designed to protect U.S. interests in the Middle East; could lead Pakistan to retreat from its present anti-Communist pro-Western policy; and could alienate the Pakistan military, which is potentially the most stable and actively the most cooperative element in Pakistan society. Accordingly, it is in the U.S. national interest to complete the

military aid program, with its delivery schedules through FY 1960, which represent the U.S. commitment to Pakistan, unless the Pakistani agree to reduce the commitment in accordance with paragraph 69 hereof. Carrying out of the present military program, on the other hand, will adversely affect Pakistan's ability to meet economic development goals, and possibly India's desire to avoid increasing its military expenditures. Our economic aid program should be aimed at increasing the future economic capabilities of Pakistan to carry a larger share of its necessary military expenditures, as well as increasing its political and administrative ability to make the most effective use of its military resources.

30. Ultimately the possibility of a reduction in Pakistan's requests for U.S. military assistance will be markedly affected by improvement in its relations with India and Afghanistan. Accordingly, the narrowing of Pakistan's differences with its non-Communist neighbors should be an important aim of U.S. policy in the area. Some time before the end of the build-up period and in the light of the circumstances then prevailing, the United States will have to negotiate an understanding with Pakistan on the character and amount of future U.S. assistance. The object of such negotiations should be to achieve agreement on programs which will reduce so far as feasible the continuing burden of assistance on U.S. resources and on the local economy and which will offer prospects for greater Pakistan self-support.

Afghanistan

31. U.S. policy in Afghanistan can be most effective in assisting in the economic development of the country, promoting closer trade ties with Pakistan and resolving the in-transit trade issues with Pakistan. We are already deeply involved in the Helmand Valley, both financially and in terms of American prestige, and it will be highly desirable if the project can be brought forward to successful fruition. We do not have within our power wholly to quiet Afghan agitation over the Pushtunistan issue, but it may be possible, by assisting the improvement of communications through Pakistan to Afghanistan, to bring about closer and more amicable Afghan-Pakistan relations and also give Afghanistan an alternative to its dependence on the USSR.

Ceylon

32. As is the case of India, Ceylon's need for economic assistance gives us potentially our most useful policy lever for keeping strongly neutralist Ceylon from extending its ties with the bloc or from turning pro-Communist. It is unlikely that Ceylon can be

moved from neutralism by any actions we can take, but it is entirely probable that Ceylonese independence will be secure so long as its government exhibits some capacity for dealing with its domestic economic problems. U.S. aid programs initiated in 1956 should be directed toward these ends.

Nepal

33. The United States has an interest in preventing Nepal from being overrun or dominated by Communist China. These are possibilities of even more urgent concern to India, which regards Nepal as a virtual protectorate. In view of the persistent distrust between India and Nepal, and of the vastly greater U.S. stake in India, U.S. interests would be served by a policy of close but informal consultation with India in regard to free world economic and security interests in Nepal.

Objectives

34. The continuance of non-Communist governments willing and able to resist Communist blandishments or pressures from within and without.

35. An increased association and identification of South Asian governments, and peoples, with the free world community.

36. A lessening of the tensions between the South Asian states in order to augment their resistance to Communist tactics and to strengthen their bonds with the free world.

37. Strong, stable and, if possible, popularly-based governments in all of the South Asian countries.

38. Increasingly sound and developed economies in each of the South Asian states.

39. A posture of military strength in the area contributing to area stability and as appropriate to the defense of the free world.

Courses of Action

General Political

40. Foster the continuance of non-Communist governments in South Asia and strengthen their hands against Communist efforts to dominate them.

41. Encourage the governments and peoples of South Asia to expand and strengthen their ties with the free world.

42. Increase consultation with the governments of South Asian countries, particularly India and Pakistan, and encourage them to consult more frankly with us.

43. Maintain adequate information, cultural and exchange of persons programs in the countries of South Asia to support U.S. objectives in the area.

44. Increase the employment of training programs in the United States, host countries and third countries, to multiply as rapidly as possible indigenous capabilities for adequate self-government and economic growth.

45. In the event of overt Communist aggression against Pakistan, or imminent or actual Communist attempt to seize control from within, fulfill U.S. obligations under the Southeast Asia Treaty.

46. Should overt Communist aggression occur against a South Asian state, other than Pakistan, and should such state resist the aggression and make a timely appeal to the UN for assistance, support UN action to counter the aggression, including the use of force if a vital U.S. interest is involved: Provided, that the taking of military action shall be subject to prior submission to and approval by the Congress.

47. If the UN fails to act in the contingency envisaged in the preceding paragraph, and provided a vital U.S. interest is involved, consider whether or not it is advisable for the United States to act against the aggression outside the UN.

48. In case of an imminent or actual Communist attempt to seize control from within a South Asian country other than Pakistan, and assuming some manifest local desire for U.S. assistance, strengthen U.S. support of its non-Communist elements, encourage other free world nations to lend such support, and take all feasible measures to thwart the communist attempt: Provided, that the taking of any military action shall be subject to prior Congressional action.

General Military

49. As politically feasible, seek to obtain (a) the use of military and strategic facilities in South Asia, including communications, transit and base rights, and (b) the right to operate forces in the area upon the threat of and during general hostilities.

50. Promote a better understanding in the South Asian countries of the aims of SEATO and the Baghdad Pact and, when feasible, encourage a wider cooperation in these or other free world defense arrangements.

General Economic

51. Assist the governments of the area to develop expanding and sounder economies by:

a. Providing technical and developmental assistance in a manner best calculated to further U.S. interests, including assistance when

feasible, to foster regional projects of economic importance to the area and to other free world countries in Asia.

b. Fostering conditions and government policies favorable to greater participation by private enterprise in economic development; and, where justified, encouraging U.S. and other private investment in the region; and seeking to promote a better understanding of the contribution private enterprises can make to economic growth.

c. Stressing the long-range benefits of multilateral trade as opposed to trade under bilateral and barter agreements.

d. Encouraging and assisting South Asian states to expand their trade with each other and with other countries of the free world.

52. Render appropriate U.S. assistance to individual nations and to multi-nation associations for development of peaceful uses of atomic energy in accordance with NSC 5507/2.⁴

53. In providing technical and developmental assistance, do not give the impression that the United States will bid against or attempt to match in size and scope the credit and aid activities of the Communist bloc.

54. Emphasize to South Asian countries the dangers inherent in large financial or trade commitments to the Soviet bloc.

55. Continue efforts to discourage and where possible prevent shipment of strategic materials to the Communist bloc.

56. When justified to alleviate acute food shortages or the effects of natural disasters, extend emergency aid to the South Asian countries as expeditiously as possible.

57. As appropriate, encourage other free world governments and private institutions to extend aid to the South Asian countries for the purposes mentioned above.

India (Courses of action supplemental to the general courses above.)

58. Support the continuation in power of elements which are non-Communist and basically oriented toward the free world, recognizing that the Congress Party comes closest to fulfilling this specification and providing India with a strong, stable and popularly-based government.

59. Provide economic and technical assistance to India, placing emphasis on projects and programs having the maximum potential of support for the goals and aspirations of India's second five-year plan. Be prepared to consider sound loans, PL 480 arrangements and other measures sufficient to give substantial help in achievement of the broad aims of the plan, including the private investment necessary for its realization.

60. While respecting India's choice of an "independent" foreign policy, seek to prevent its policy from serving Communist ends and,

⁴ NSC 5507/2, "Peaceful Uses of Atomic Energy," was approved March 12, 1955.

when in the U.S. interests, make use of Indian mediation or moderating influence in international disputes.

61. As practicable, exploit differences between India and the Communist bloc.

62. Strengthen the orientation of India's armed forces toward the free world and continue to facilitate India's procurement of its military equipment from the West.

63. Continue to impress upon India that the Kashmir and Indus Waters issues should be settled on the basis of a solution mutually acceptable to India and Pakistan.

64. Continue to reassure India that by providing military aid to Pakistan and by supporting its participation in SEATO and the Baghdad Pact, the United States is in no way unfriendly to India and is acting solely in the interests of free world security against the Communist bloc.

65. Continue to reassure India that the United States is not taking sides on the merits of the Goa dispute and would favor any mutually acceptable settlement reached through peaceful means.

Pakistan (Courses of action supplemental to the general courses above.)

66. In conjunction with efforts to strengthen Pakistan's orientation toward the free world and its support of collective security efforts, encourage the development of more stable and representative government in Pakistan.

67. In extending developmental and technical assistance to help Pakistan to make its economy stable and viable, bear in mind Pakistan's need to support its military forces.

68. For the present continue to support, by providing U.S. military assistance in accordance with paragraph 29, Pakistan forces capable of maintaining internal security, of offering limited resistance to external aggression, and of contributing to collective security by these means and by the provision of token forces for collective military operations outside Pakistan.

69. Explore the possibility, in light of the rising trend of the U.S. aid programs for Pakistan, of achieving agreements as to future U.S. aid programs for that country which will be more moderate in their demands upon U.S. resources and the Pakistan economy.

70. In providing military aid to Pakistan, the United States should:

a. Resist any Pakistani effort to persuade us to increase the present military aid program.

b. Encourage the effective use of military resources by Pakistan to the end that necessary force goals can be met with a progressive declining reliance on U.S. aid.

c. Avoid becoming committed to assuming any fixed share of Pakistani military maintenance policies in the post-build-up period.

d. Attempt to reduce the support cost for the Pakistani military establishment by exerting its influence for a more efficient organization of Pakistani forces and improved logistics system and more austere standards of construction and support.

e. Encourage improved relations between Pakistan and India and Afghanistan as a means of reducing demands for U.S. aid.

71. Encourage Pakistan to continue and extend its moderating influence in the Middle East and the Muslim world.

72. Continue to impress upon Pakistan that the United States would welcome solutions of the Kashmir and Indus Waters disputes acceptable to both India and Pakistan.

73. Encourage Pakistan to follow policies toward Afghanistan which will promote Afghan ties with the free world.

Afghanistan (Courses of action supplemental to the general courses above.)

74. Encourage the growth of closer economic and improved political relations between Afghanistan and Pakistan, thus creating conditions favorable to resolution of their differences and strengthening Afghanistan's links with the free world while reducing its dependence upon the USSR.

75. Encourage the settlement of disputes between Afghanistan and Iran, and the development of closer Afghan ties with Iran, Turkey and other nearby nations friendly to the West.

76. In providing technical and developmental assistance, give particular emphasis to programs tending to reduce Afghan economic dependence on the USSR, and to projects which will provide immediately visible evidence of U.S. friendship for and interest in Afghanistan.

77. Encourage Afghanistan to minimize its reliance upon the Communist bloc for military training and equipment, and to look to the United States and other free world sources for military training and assistance.

Ceylon (Courses of action supplemental to the general courses above.)

78. Foster the strengthening of political elements willing and able to resist the temptation to cooperate with local Communist elements.

79. Seek to prevent Ceylonese neutralism from serving Communist ends and encourage Ceylon to identify its national interests more closely with the free world.

80. Continue to impress upon the Government of Ceylon that the provision of U.S. economic aid will be reconsidered should Ceylon expand its trade in rubber or strategic commodities with the Communist bloc, and continue to urge that Ceylon discontinue its rubber exports to Communist China.⁵

81. To the extent practicable, exert U.S. influence to assure the United Kingdom's use of naval, air and communications facilities in Ceylon.

Nepal (Courses of action supplemental to the general courses above.)

82. Encourage Nepal to form a stronger, more stable government willing and able to resist Communist, particularly Chinese Communist, inducements or pressures.

83. Consult and, as may be politically desirable, cooperate with India in regard to free world interests in Nepal.

84. Continue to respect Nepal's desire to be independent of both Communist China and India, but resist its tendency to involve the United States against these powers for its own interest; and be prepared to establish at short notice a U.S. diplomatic mission resident at Katmandu.

⁵ Paragraph 80 was later revised by a supplement of August 9. (Department of State, S/S-NSC Files: Lot 63 D 351) Regarding the NSC meeting of August 8 at which the revised paragraph 80 was adopted, see Document 142.

6. Progress Report by the Operations Coordinating Board¹

Washington, July 24, 1957.

PROGRESS REPORT ON SOUTH ASIA (NSC 5701, Approved Jan. 10, 1957)

(Period Covered: From Jan. 10, 1957 through July 24, 1957)

A. Summary of Operating Progress in Relation to Major NSC Objectives

1. *Summary Evaluation.* U.S. objectives in NSC 5701 fall into three principal categories: (a) political orientation; (b) increasingly sound and developed economies; and (c) posture of military strength. The

¹ Source: Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5701-Memoranda. Secret. Forwarded to the NSC on July 26 under cover of a note from Staats to Lay.

following evaluations by country reflect the achievement, or lack thereof, in accomplishing U.S. objectives.

2. *Pakistan*

(a) *Political Orientation*. At the close of the period, Prime Minister Suhrawardy was completing a seventeen-day visit to the United States in response to an invitation by the President. While it is too early to evaluate the results of the visit, the Prime Minister was impressed by U.S. economic and cultural achievements. Moreover, Pakistani sources indicate that the Prime Minister considers the visit to be a success. It is hoped that the conversations which he had with the President, the Secretary of State and other U.S. leaders will result in a greater appreciation by him of U.S. objectives in world affairs.

The Government strongly endorsed the American Doctrine² and indicated its will to resist communism and to continue to identify itself with the Free World. The Government is not broadly based and political instability continues to be a major problem. Tensions between Pakistan and Afghanistan were diminished as a result of efforts by both governments. The two countries agreed to reestablish diplomatic relations at the ambassadorial level and to arrange for the resumption of normal transit of Afghan trade through Pakistan. The Pushtunistan issue was a lessened but continuing source of friction and tension. Pakistan's relations with India continued tense, primarily because of the unsettled Kashmir and Indus Waters issues and because India distrusted Pakistan's role in the Baghdad Pact and SEATO and its acceptance of U.S. military assistance.

(b) *Economic Stability*. Pakistan maintained a fair degree of economic stability during the period, primarily because of U.S. aid programs. Government execution of economic development programs has been inadequate, partly because of uncertainty regarding the scale and nature of future U.S. assistance, but more importantly because of the inadequacy of the Pakistan Government.

(c) *Military Strength*. During the Suhrawardy visit Pakistan requested consideration for continuation and expansion of military aid beyond that envisaged in the 1954 agreement. During the period Pakistan increased its military strength through utilization of U.S. military assistance. Such increased military strength enables Pakistan forces to maintain internal security, to offer limited resistance to external aggression, and to contribute to collective security.

² Reference is to the American Doctrine for the Middle East (or "Eisenhower Doctrine"), the program of economic and military assistance authorized by House Joint Resolution 117, as amended, approved by the President on March 9, 1957 (P.L. 7, 85th Congress).

3. Afghanistan

(a) *Political Orientation.* The government publicly reaffirmed its policy of neutrality in the joint communiqué with the Richards Mission.³ It continued privately to indicate its keen interest in establishing stronger ties with the U.S. Government. As indicated above, Afghanistan's general relations with Pakistan have improved, even though no substantive progress toward a solution of the Pushtunistan question has been made.

(b) *Economic Stability.* Afghanistan's financial instability and administrative and technical deficiencies continued to hamper economic development. Its economic involvement with the Communist bloc continued to be a major deterrent to relating its economy closely with that of the Free World.

(c) *Military Strength.* Afghanistan is not militarily strong and is vulnerable to Soviet pressures primarily because of its juxtaposition with the USSR and its remoteness from sources of Free World strength.

4. India

(a) *Political Orientation.* In the general elections of 1957, the Congress Party maintained its control of the Government of India and of all but one of the state legislatures. The Government of India continues to be popularly-based and stable. The communists made significant gains, however, and were voted into power in Kerala State. Under the leadership of Prime Minister Nehru, Indian foreign policy continued to be independently oriented. Tension continued with Pakistan, India alleging that the United States was biased in favor of Pakistan with regard to the Kashmir issue because of Pakistan's membership in the Baghdad Pact and SEATO.

(b) *Economic Stability.* India's economy continued to expand although the five-year development program was encountering considerable difficulty. Foreign exchange reserves continued to decline and inflationary pressures increased. The government attempted to retard the loss in reserves by restricting non-essential imports and raising tax revenues. It is seeking additional external sources of foreign exchange needed for the development program.

(c) *Military Strength.* India's military strength is adequate for internal security, and security against Pakistan, but the Indian Government has begun to feel increasingly uneasy over what it conceives to be the abnormal expansion of Pakistan's military strength due to U.S. assistance.

³ Reference is to the mission to 15 countries of the Middle East, South Asia, and Africa, by James P. Richards between March and May 1957. Regarding his visit to Afghanistan, see Documents 126 and 128.

5. Nepal

Political Orientation. India maintained its dominant political and economic relationship with Nepal. The latter, seeking greater independence and more financial assistance, continued to enlarge its contacts with communist bloc countries. During March 1957 Nepal received its first Soviet Ambassador who, being accredited also to India, is resident in New Delhi. Nepal also welcomed increased United States economic assistance, which included an agreement for construction of a ropeway to increase the flow of essential goods from India to central Nepal.

6. Ceylon

(a) *Political Orientation.* While continuing its policy of neutralism in the field of foreign affairs, Ceylon developed closer diplomatic, economic and cultural relations with the communist bloc. There has, however, been no marked deterioration in U.S.-Ceylon relations. The internal political situation there was marked by increasing communal tension between the Sinhalese and the Tamils, by a sense of political insecurity on the part of the Prime Minister, and by a lack of cooperation and coordination within the coalition cabinet. At the same time Buddhist elements, both lay and clerical, continued to exert pressure on the government for even greater concessions to their religion. There were also indications of growing public dissatisfaction because of the government's failure to implement economic development programs vital for Ceylon's future. There were occasional, irresponsible charges in high quarters against the Voice of America relay base and against the Asia Foundation, as well as occasional allegations of "espionage" by American professors on exchange grants with the University of Ceylon. Increased pressure against U.S. operations in Ceylon may be expected if the extreme leftist and ultra-nationalist elements within the government become stronger.

(b) *Economic Stability.* Ceylon's economy in general has made no outstanding improvements nor has it deteriorated noticeably. U.S. aid programs have proceeded smoothly and the Government of Ceylon has in general been cooperative, especially showing appreciation for the CARE school lunch program.

7. *Need for Policy Review.* In view of the above, review of U.S. Policy Toward South Asia (NSC 5701) is not recommended at this time, pending further consideration of India's economic requirements and availability of U.S. resources to assist India. However, because of the impracticality of persuading Ceylon to discontinue rubber exports to Communist China, concerning which a new rubber-rice agreement is expected to be negotiated shortly, a revision of paragraph 80 is being submitted to the NSC Planning Board.

B. Major Operating Problems or Difficulties Facing the United States

8. General

(a) *Opposition to Western Collective Security Arrangements.* The Indian Government has continued to oppose SEATO and the Baghdad Pact on the grounds that they add to existing tensions and have brought the "cold war" to South Asia. Ceylon and Nepal are likely to continue to follow India's lead in opposing our efforts to strengthen Free World collective security arrangements. The U.S. continues to assure the uncommitted countries of the area at every appropriate opportunity that such collective security arrangements pose no threat to such countries but rather contribute significantly to their own, and the area's security against aggression.

(b) *Apprehension over Nuclear Weapons Tests.* India and Ceylon are the principal objectors in South Asia to the continuance of nuclear weapons tests. Continued attempts are being made to explain, through all appropriate information media, the U.S. position on nuclear weapons and disarmament.

(c) *Communist Bloc Inroads into the Area.* The Free World continues to be faced with concerted communist bloc efforts to increase its influence in South Asia. On the diplomatic front, the communist bloc continued to gain prestige in the area through their continued identification with, and support of, Asian nationalism and peaceful co-existence. The Soviet Union and Communist China have established diplomatic relations with Ceylon and Nepal. The communist bloc's policy of promoting cultural, educational, labor, student, professional and other exchange visits is being implemented effectively. The communist bloc's economic offensive in the sub-continent continues to pose a serious problem for the Free World. Soviet economic influence in India is indicated by the construction of the Bhilai steel plant, arrangements to train large numbers of technicians in the USSR, discussion on the uses of long-term loans previously offered, technical assistance, and expanded trade. The foreign exchange gap faced by India in implementing its Second Five-Year Plan could be effectively exploited by the communists if they were to increase their aid significantly over current levels. There is, however, no present indication of such a contemplated move on their part. The credits made available to Afghanistan by the Soviets amount to \$100 million in economic credits and an additional \$30-35 million for arms. These extraordinarily large credits threaten (1) to impose a heavy burden on the Afghan economy in terms of loan repayment and (2) to strengthen trade ties with the USSR for an indefinite period. Nepal had previously accepted a large economic aid grant from Communist China and might accept Soviet economic assistance, which has reportedly been offered. Although Ceylon, like the

other South Asian countries, continues to trade largely with the Free World, its efforts to expand markets have resulted in increased trade with the communist bloc and may lead to closer economic ties between Ceylon and communist countries. Pakistan, too, has trade agreements with the communist bloc, primarily intended to provide additional outlets for its two major exports, jute and cotton.

The U.S. is keeping under review the developmental problems of the countries of the area to determine in what ways U.S. assistance can best contribute to their stability, attempting to foster conditions more favorable to participation by private enterprise in their development, and encouraging each country to expand its trade and other ties with the Free World.

(d) *Rapid Population Growth in the Area.* Population trends in South Asia are causing increasing concern with respect to the potential success of the development programs of the South Asian countries, as well as to the adequacy of their food production. Even if these countries successfully meet their current economic development goals, their planned increases in per capita income and standard of living may be nullified by their rising rates of population growth. In Ceylon, for example, public health measures already have reduced mortality in the past ten years to the extent that the rate of population growth has doubled. Equally serious are the increases in population taking place in India and Pakistan. It is evident that these countries have, in their developmental planning, substantially underestimated their rate of growth, which threatens a doubling of their population each generation. One immediate problem facing these countries as a result of population growth is the fact that their imports of food are already exceeding planned levels.

9. *Afghanistan*

(a) *Vulnerability to Soviet Pressures.* Although there is no Communist Party active in Afghanistan, the country's 1,400-mile border with the Soviet Union and its near isolation from sources of Free World strength are basic factors affecting Afghanistan's international position. The Afghans profess to understand Soviet motives and to desire closer association with the Free World. However, geographic realities have forced them to maintain a neutral posture between East and West. These realities also limit the capability of Afghanistan to achieve what it regards as its minimum economic and security needs through association with the Free World alone. In particular, the substantial Soviet assistance to the Afghan military establishment and the presence of Soviet military advisers may be an inhibiting factor in Afghanistan's future relations with the West.

(b) *Afghanistan-Pakistan Relations.* The "Pushtunistan" issue between Afghanistan and Pakistan arises out of the Afghan's interest in securing special status for their racial kin, the Pushtuns, residing

in northwestern Pakistan. Pakistan naturally regards the status of its Pushtuns as a purely internal matter. Afghanistan's principal routes of communications with the Free World lie through Pakistan (via the port of Karachi). Therefore, the Pushtun question has been a major impediment to closer Afghan-Free World relations. Both Pakistan and Afghanistan have in recent months shown a more cooperative attitude in their mutual dealings, though no substantive progress toward a solution of the "Pushtunistan" issue has been made. The U.S. continues to urge both countries to resolve their differences.

(c) *U.S. Aid Program Implementation*

Development Assistance. The lack of trained technicians and administrative personnel in the Afghanistan Government along with a paucity of engineering and economic data have increased the difficulty of organizing Development Assistance projects. Contracts for capital projects must be preceded by realistic engineering and economic surveys to determine project context, scope and organization. Afghanistan's inability to understand the need for this preliminary work makes its officials impatient and critical and increases the difficulties of economic development activities. The U.S. Operations Mission, matched by parallel undertakings by technicians from other countries, is gradually educating the different levels of Afghan officials on the need for sound planning, however, and an Afghanistan Planning Ministry has just been organized.

Technical Assistance. Technical Assistance is gradually concentrating in fewer fields of activities with major emphasis on secondary and higher education. A review of the projects shows a trend away from projects which might have a direct impact on the village people, such as Public Health and Community Development. A part of these activities is carried out by the United Nations but these avenues as a means of reaching U.S. objectives seem to be closing. U.S. difficulty in recruiting technicians in these fields is a major reason.

10. *Ceylon*

(a) *Political Instability.* The present unstable political situation presents difficulties in various fields for U.S. operations in Ceylon. The U.S. continues to attempt to bring about greater political stability by supporting Prime Minister Bandaranaike, while refraining from action that might weaken the United National Party or other similar moderate groups.

(b) *U.K. Naval and Air Bases.* Negotiations between Ceylon and U.K. for the naval base at Trincomalee and the air base at Negombo to be returned to Ceylon were concluded on June 7, 1957. The take-over will occur in October and November 1957 with the British being given a three-year period to complete their withdrawal. This situation poses a problem not only for the British but for the U.S.

Government in connection with contingent defense plans for the area and the need to plan for alternative bases.

(c) *Rubber-Rice Agreement with Communist China*. Ceylon intends to negotiate a new Rubber-Rice Agreement with Communist China before the end of this year. The question of U.S. economic assistance to Ceylon must be kept under continuous review in the light of any developments in Ceylon's trading relations with Communist China.

11. India

(a) *Five-Year Plan Difficulties*. The strains of the accelerated development program which were noted in the period ending in November, 1956, continued and in some respects have been accentuated. Foreign exchange reserves continued to decline almost every week, and this, together with internal inflationary pressures, posed a serious threat to meeting the targets of the plan. Severe import restrictions were imposed by the government. Some rephasing and slowing down in development expenditures is being undertaken. The 1957-58 budget proposed some increased taxes and revenues. In May 1957, the Indian Government through its Ambassador in Washington⁴ and a special representative (B.K. Nehru), undertook informally to sound out the U.S. Government as to the possibility of increased aid in support of the plan. The U.S. Government, through a special interdepartmental working group, has made a survey of the situation, and possible measures by which the U.S. could, within present budgetary limitations, assist India toward the realization of its economic development objectives. This survey and recommended measures have been transmitted to the OCB. The measures so suggested are: (1) Consider supplementing the existing P.L. 480 agreement with India to prevent further inflation of food prices in the event that subsequent information demonstrates a pressing need; (2) extend loans from the new Development Fund for sound projects which can not otherwise be financed; (3) extend loans from the Export-Import Bank, especially to strengthen selected private enterprise in India; and (4) support generally Government of India applications for loans—both in the public and private sectors—from the International Bank for Reconstruction and Development.

In order to provide the basis for a request of Congress, at its next session, for special legislation to provide additional resources in the form of a long-term loan to the Government of India, should it be decided to make such a request, the Department of State intends to undertake necessary preparatory studies.

(b) *Military Aid to Pakistan*. During the past few months there was a revival of Indian allegations that U.S. military assistance to Pakistan is reducing India's military superiority over Pakistan and there-

⁴ G.L. Mehta.

fore contributing to the danger of Pakistan aggression against India. The U.S. has repeatedly assured the Indians that their estimates of the extent of our military aid to Pakistan are greatly exaggerated and that the U.S. will help India to resist aggression, should it occur.

(c) *Kashmir*. In January, the Security Council resumed discussion of the Kashmir dispute at the request of the Pakistan Government, and adopted a resolution on January 24⁵ reaffirming previous U.N. resolutions calling for a settlement by a plebiscite. Another resolution suggesting the possible use of a U.N. military force in Kashmir to assist in the preparation of a plebiscite, as had been suggested by Pakistan, was vetoed on February 20 by the Soviet Union.⁶ On February 21 the Council authorized the Jarring Mission⁷ which was unable to contribute towards a solution. In general, the Pakistanis were pleased by the support given them in the Council by the U.S. and the U.K. and by the favorable public support, particularly in the U.S., of their position. In India it was widely believed that the Security Council continued to evade what Indians regarded as the fundamental issue (i.e., "aggression" by Pakistan because of its continued occupation of half of Kashmir), and also that the U.S. and U.K. supported Pakistan in the Council solely because of the latter's membership in SEATO and the Baghdad Pact.

(d) *Indus River Problem*. For the past three years Pakistan and India, utilizing the good offices of the IBRD, have been engaged in an attempt to solve their dispute over the distribution of the Indus Basin waters. It has been increasingly apparent that the existing basis of negotiations does not provide an acceptable solution. In March 1957, the interim agreement on the use of these waters ended. The IBRD proposed a further 6-months' extension, which was accepted by both parties. During this period the IBRD is exploring a new proposal in Karachi and New Delhi, which it believes may provide a more hopeful avenue for the settlement of this issue. As a minimum, it is necessary to keep these negotiations going so as to prevent a further deterioration in Indo-Pakistan relations, already aggravated because of the Kashmir dispute, with which the Indus waters problem is intimately related.

(e) *Trade*. The Government of India is seeking longer term credit arrangements, and the extent to which U.S. companies can enter into such arrangements will influence the volume of U.S. exports to India. Very few U.S. firms, if any, are willing and able to grant long-term credit (over three years) to Indian buyers. The Export-Import

⁵ U.N. doc. S/3779.

⁶ U.N. doc. S/3792.

⁷ U.N. doc. S/3793. For documentation on the Jarring Mission, see Documents 51 and 53 and footnote 2, Document 55.

Bank for many years has had facilities to finance capital equipment exports and is studying the current problem of financing such exports to India.

(f) *Investment*. Some flexibility in attitude toward foreign capital participation has been recently indicated by the Indian Government officials, especially as regards royalty payments, majority control and credit for imported capital goods. Although these pronouncements plus some recent tax changes may encourage some U.S. companies to consider investment in India, there are still a number of rules or laws affecting corporation activities which counterbalance these more favorable developments. The question of reactivating negotiations for a Friendship and Establishment Treaty or other treaties or agreements between the United States and India, has been raised with the Government of India. Such agreements, if concluded, would tend to improve the investment climate in India.

12. Nepal

(a) *Relations with Communist Bloc*. Nepal has continued to enlarge its contacts with the communist bloc countries. Seeking to assert its independence from India and to gain additional foreign assistance for economic development, Nepal received its first Soviet Ambassador (resident in New Delhi, India) and played host to Communist Premier Chou En-Lai. If the Communists establish a resident diplomatic mission in Nepal (although it is presently believed that only the Communist Chinese might do so), the United States is prepared to open a corresponding post. The United States seeks to strengthen Nepal against the encroachment of international communism, while avoiding conflict with Indian interests in the Himalayan buffer area.

13. Pakistan

(a) *Political Instability*. Political instability continued to be a major problem in Pakistan. In March, parliamentary government was suspended by President Mirza; it was reinstated in July. In East Pakistan political conditions deteriorated because of a food crisis. Although some progress on domestic problems was made by the Mirza-Suhrawardy Government, the above cited adverse developments matched the gains.

(b) *U.S. Aid Programs in Pakistan*. U.S. assistance has helped Pakistan maintain reasonable economic stability through this period. However, U.S. inability to comply with the government's request in September 1956 for a 3-year P.L. 480 program or to give assurances regarding the size and composition of any program it might eventually propose to Pakistan has been a factor in the development of the food crisis which now faces the country. After the 3-year program for India became known in the summer of 1956, Pakistan counted heavily upon a similar large-scale agreement and practically no alternative plans were laid for the future without such support.

Recent large-scale purchases of rice, plus a one-year P.L. 480 program which will soon be available, should have a stabilizing influence on the situation. The rice purchases, however, have made a considerable dent in Pakistan's foreign exchange reserves. During the Suhrawardy visit the Pakistanis were told that contingent upon passage of P.L. 480 legislation the United States hopes to offer to sell Pakistan 600,000 tons of wheat and approximately 125,000 tons of rice for shipment during FY 1958.

(c) *U.S. Military Aid to Pakistan.* The U.S. recently obtained agreement from Pakistan that henceforth all Government of Pakistan needs for support of its military establishment will be considered together. This method of considering assistance will give the U.S. the opportunity to discuss with Pakistan the level of assistance that may be provided in the light of the total of Pakistan's resources budgeted for support of its military forces. Initiation of this revised method will permit progress toward the objectives of NSC 5701 pursuant to the note by the Executive Secretary of the NSC reporting approval of NSC 5701: "The Council also noted the request of the President that the Department of State, in carrying out paragraph 69 of NSC 5617, as amended and adopted, and in consultation with the Department of Defense, should seek suitable opportunities, compatible with the political situation, of inducing Pakistan, in pursuant of its own interests, to propose revisions of the planned military programs to reduce the future burden on its economy."

During the Suhrawardy visit the Prime Minister made requests for certain military items not envisaged in the secret military aid agreement of 1954. His government's requests were detailed by his military advisers; they added up to an extension of large-scale military aid beyond the period already foreseen, an acceleration and expansion in aircraft deliveries and expanded training facilities in the United States. Although the Departments of State and Defense agreed to consider these requests, they made no commitments.

(d) *Economic Stability.* Pakistan's economic stability continues to be threatened by the perennially critical food supply situation which, until recently, the government has not taken sufficiently stringent measures to correct. A fresh crisis appears to be brewing in East Pakistan, where the price of rice (the staple food) has risen inordinately.

The offer by Ambassador Richards of a \$10 million loan towards the establishment of fertilizer factories in Pakistan appears to have raised questions concerning the Pakistan Government's planning of these high-priority projects, for which the government has long been seeking foreign investment. Whether the government plans to use this money to finance (1) a state-owned plant, (2) to supplement a combination of public and private investment or (3) to

lend the Richards Mission funds to private enterprise with a view to establishment of one or both of the fertilizer plants entirely by private enterprise, depends upon the outcome of current negotiations.⁸

Note: The following NIE's are applicable to South Asia:

NIE 51-56, India over the Next Five Years, May 8, 1956.

NIE 53-56, Probable Developments in Afghanistan's Internal Position, January 10, 1956.

NIE 52-56, National Intelligence Estimate on Pakistan, November 13, 1956.⁹

⁸ Regarding Richards' visit to Pakistan, see Documents 126 and 128.

⁹ Three annexes, none printed, were attached to the source text: Annex A, "Additional Major Developments not Covered in the Report;" a Financial Annex; and Annex B, "Foreign Trade Data on South Asia."

UNITED STATES EFFORTS TO HELP PROMOTE A PEACEFUL SETTLEMENT OF THE KASHMIR DISPUTE BETWEEN INDIA AND PAKISTAN ¹

7. Telegram From the Embassy in India to the Department of State ²

New Delhi, May 18, 1955—4 p.m.

1795. Last evening at reception given by Pakistan Ambassador [High Commissioner], ³ Col. Pearson introduced me to General Mirza. Pearson was aide to Mirza occasion Mirza's visit United States, and it was evident Mirza holds him in high regard. Mirza immediately began talk about meetings with Nehru and Indian officials. He said there was no possibility of important advances in settlement of Kashmir question at present meeting, as Indian proposition that settlement along present cease-fire line wholly unacceptable to Pakistan. Said any Pakistan Government accepting such proposition would not last 4 hours. Mirza said incidents along cease-fire line were inevitable, and he had proposed progressive steps to reduce opportunity for incidents. Among these, he had suggested reduction of forces and arms and withdrawal of each side to point 500 yards from cease-fire line. He did not make clear whether suggestions accepted by GOI but did say that certain areas in which location of cease-fire line was unclear, establishment of proper location of line would be made. He said Pakistan Government admitted blame in recent Indo-Pakistan incident. ⁴

Further, Mirza said GOI continued to indicate suspicions of United States aid to Pakistan and questioned its purpose. ⁵ Also, GOI

¹ Continued from *Foreign Relations*, 1952-1954, vol. XI, Part 2, pp. 1162 ff.

² Source: Department of State, Central Files, 690D.91/5-1855. Secret; Priority. Repeated to Karachi.

³ M.S. Mehta.

⁴ Reference is to a recent border clash involving Indian and Pakistani troops in Kashmir.

⁵ On May 19, 1954, the United States entered into a Mutual Defense Assistance Agreement with Pakistan. According to the terms of the agreement, the United States would provide military equipment and training assistance to Pakistan. (TIAS 2976 or 5 UST 852) See the editorial note, *Foreign Relations*, 1952-1954, vol. XI, Part 2, p. 1845.

indicated dislike of pact with Turkey⁶ and displeasure toward United States for "meddling in Egypt's affairs", claiming strong interest in Egypt. On these last points, there was no opportunity to secure elaboration. I suggest they can be developed at Karachi.

Cooper

⁶ Reference is to the Baghdad Pact, a Pact of Mutual Cooperation signed by Iraq and Turkey on February 24, 1955. For text, see 3233 UNTS 199. Pakistan signed the Pact on September 23, 1955.

8. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, July 27, 1955—1:29 p.m.

194. Reply Embtel 78² delayed pending reply New Delhi re text Nehru July 16 Kashmir remarks.³ Suggest reply GOP along following lines:

1. Primary concern US is and has been Kashmir issue be settled peacefully in manner acceptable both GOP and GOI.

2. US regrets statements or actions by Indians or Paks which have effect detracting atmosphere good will such as Pant statements and Nekowal incident.⁴

3. Department hopes recent improvement Pak-Indian relations mentioned Prime Minister talk July 1 will continue and provide atmosphere helpful ultimate solution Kashmir.

¹ Source: Department of State, Central Files, 690D.91/7-1455. Confidential. Drafted by Francis D. Collins and Harold D. Josif of the Office of South Asian Affairs, cleared with UNP, and approved by Jones. Repeated to New Delhi and London.

² In telegram 78 from Karachi, July 14, Ambassador Hildreth reported that Foreign Secretary Jalaluddin Abdur Rahim asked him for the views of the U.S. Government concerning a recent statement regarding Kashmir by Indian Home Minister Pandit Pant. Rahim and other Pakistani officials believed that in that statement Pant repudiated India's commitment to partake in a U.N.-supervised plebiscite to determine the future of Kashmir. (*Ibid.*) This statement and other related statements by Pant are summarized in telegram 99 from New Delhi, July 15. (*Ibid.*, 690D.91/7-1555)

³ Nehru's remarks were transmitted in telegram 130 from New Delhi, July 20. (*Ibid.*, 690D.91/7-2055)

⁴ A border clash between Indians and Pakistanis in Kashmir.

4. US believes Nehru's assurances at commencement of Kashmir crisis in October 1947,⁵ provisions of January 5, 1949 UNCIP resolution and subsequent reaffirmations in UN Security Council hearings all commit India settle future Kashmir through plebiscite. Also Nehru remarked July 16 "India has stood by her declarations on Kashmir in the past, it stood by them today and would continue to uphold them in the future."

5. In light above US considers India has not formally repudiated its UN plebiscite commitment.

FYI This conclusion distinct from question India's actual intentions. India obviously would prefer other solutions, but may be seeking some solution which would satisfy plebiscite commitment. Department believes bilateral discussions more likely be fruitful than further UN consideration at this stage and this impression should be conveyed Paks well as Indians despite apparent delay Nehru-Ali talks originally scheduled August (Delhi's 134).⁶

Dulles

⁵ At that time, Nehru stated that "as soon as Kashmir is free from the invaders our troops will have no further necessity to remain there and the fate of Kashmir will be left in the hands of the people of Kashmir." See *Foreign Relations*, 1947, vol. III, p. 182.

⁶ In telegram 134, July 21, Ambassador Cooper reported that when Nehru was asked at a press conference whether his scheduled meeting with Prime Minister Mohammed Ali would take place soon, he replied: "I should not think so." (Department of State, Central Files, 753D.00/7-2055)

9. Telegram From the Department of State to the Embassy in Pakistan ¹

Washington, September 3, 1955—3:55 p.m.

507. Re Kashmir. In response question raised Embtel 356, ² you may point out at your discretion to GOP:

1) Department hopes Pakistanis will make another full scale attempt find basis for settlement through bilateral negotiations at highest level GOI, since we believe continuation these efforts represents best hope for progress.

2) US will be glad consult with GOP re appropriateness and timing of reference to SC in light of results of foregoing attempt.

3) If issue does come before Council we should wish discuss with Pakistanis best method of proceeding.

FYI. If impasse between parties continues, may be desirable consider SC meeting for purposes referring Kashmir question to GA where Arab-Asian influence could probably make substantial impact on both parties and give impetus to fresh approach.

Report GOP reaction. ³

Hoover

¹ Source: Department of State, Central Files, 690D.91/8-2655. Secret. Drafted by Nicholas G. Thacher and Joseph J. Sisco of the Office of United Nations Political Affairs; cleared by David W. Wainhouse, Deputy Assistant Secretary for International Organization Affairs; and approved by John D. Jernegan. Repeated to New Delhi, London, Dacca, and Lahore.

² In telegram 356, August 26, Ambassador Hildreth reported that Pakistani Acting Governor General Mirza informed him that morning that Pakistan would immediately press the issue of a Kashmir plebiscite with Nehru, and that if no satisfactory progress were made, would take the issue to the Security Council. Mirza requested U.S. support for Pakistan in the Security Council and inquired regarding the position the United States would take on the Kashmir dispute. (*Ibid.*)

³ In telegram 475 from Karachi, September 13, Chargé Arthur Z. Gardiner informed the Department that he had conveyed the substance of telegram 507 to Pakistani Prime Minister Chaudhri Mohammed Ali the previous day. The Prime Minister assured him that Pakistan would fully consult the United States before making any moves in the United Nations. (*Ibid.*, 690D.91/9-1355)

10. Editorial Note

On September 9, Pakistani Ambassador Syed Amjad Ali discussed several matters of concern to both the United States and Pakistan with George V. Allen in Washington. The memorandum of conversation concerning recent developments in the Kashmir dispute reads:

"The Ambassador then took up the Kashmir question. He said the Pakistan Prime Minister would make another effort to see Prime Minister Nehru but there seemed little basis for hoping these discussions would result in much progress. However, the Ambassador believed that if the U.S. and Great Britain would in some way try to make their influence felt with Mr. Nehru this would help a great deal.

"Mr. Allen said that we would give this some consideration but that he was not at all optimistic that anything could be done to influence the Indian Prime Minister. Mr. Allen said that indeed he shared the Ambassador's skepticism over the possibility of progress from discussions with Mr. Nehru. The latter has seized on U.S. military aid to Pakistan as an excuse to go back on the Indian commitment for a plebiscite in Kashmir. There are grounds for wondering if Nehru would ever do anything about the issue in view of the emotional attachment of himself and his family to Kashmir. However, the Indian Prime Minister has never succumbed to the tendency or temptation to seek support through arousing religious feelings. Mr. Allen said he genuinely believed Nehru wants every Indian to be equal under the law—though the fact is, many Muslims in India, in Hyderabad for example, are having a difficult time. This policy of the Indian Prime Minister strengthens him, of course, in his appeal to the Muslims of Kashmir to join without fear in the Indian secular state." (Memorandum of conversation by Thacher, September 9; Department of State, NEA Files: Lot 58 D 545, Pakistan)

11. Telegram From the Department of State to the Embassy in Pakistan¹*Washington, December 13, 1955—6:56 p.m.*

1254. Embtels 1097² and 1102.³ Department convinced statement at this moment re Kashmir would be counter-productive. Soviet leaders have over-played their hand and formal statement by us at this juncture would save them from their own folly.

If nevertheless you feel there is compelling need to respond to inquiries you may state US position in regard to Kashmir is too well known to require restating at this time and has obviously not been modified by any recent events or by demagogic statements of persons whose purpose is to sow hatred and bring cold war to subcontinent. (Department understands UK HICOM Karachi authorized reply to inquiries along similar lines.) If further pressed for details you may refer to statements US Security Council representative when Council considered Graham's fourth report December 1952.⁴

Dulles

¹ Source: Department of State, Central Files, 690D.91/12-1255. Secret; Niact. Drafted by Witman and Allen. Repeated priority to Kabul, London, and New Delhi.

² In telegram 1097, December 12, the Embassy reported on the adverse Pakistani reaction to the support of the Indian position on Kashmir expressed by Bulganin and Khrushchev during their visit to Kashmir, December 9-10. (*Ibid.*)

³ In telegram 1102, December 12, transmitted at midnight, Ambassador Hildreth reported that as the day progressed he was subjected to increasing pressure from Pakistani officials for statements supporting Pakistan's position in the Kashmir dispute. In a conversation with Mirza, the Governor General pleaded with Hildreth that this was a Pakistani public opinion solidly behind the Pakistani Government with a modest statement supporting Pakistan and the proposed Kashmir plebiscite. (*Ibid.*)

⁴ See *Foreign Relations, 1952-1954*, vol. XI, Part 2, pp. 1286 ff.

12. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, December 17, 1955—1:41 p.m.

1292. For Hildreth from Allen. Ambassador Mohammed Ali read me circular instruction from GOP today asking for public statements by friendly powers, particularly US and UK, refuting Khrushchev statement on Kashmir.² I pointed out that statements emanating from Washington or London at this moment would put Kashmir issue into East-West cold war context and enable Nehru to allege that Pakistan was pressing Kashmir case in interests of Western imperialism. As case stands, Khrushchev intervention has weakened GOI position since Nehru can be pictured as working for Soviet interests in Kashmir whereas Pakistan rests its case solely on intrinsic merits of issue. I wondered if GOP wanted us to help Nehru off this hook.

Ali seemed convinced and when I showed him statement you planned to make (Karachi's 1125 December 14)³ he expressed fullest concurrence and said he thought this would take care of situation completely.

Hoover

¹ Source: Department of State, Central Files, 690D.91/12-1455. Secret; Priority. Repeated to London, New Delhi, and Moscow.

² A memorandum of this conversation, drafted by Collins on December 17, is *ibid.*, 033.6190D/12-1755.

³ This statement, released to the press on December 14, reads as follows:

"In reply to widespread inquiries of me as to the effect of recent statements in Kashmir by visiting Soviet officials upon the position of the United States, it appears timely to recall the position of the US on this issue despite the fact that it has often been publicly stated.

"The position of the US is based on the interest of all members of the UN to see the Kashmir dispute settled peacefully; and in the case of the US, in particular, on its most earnest desire to see the two great states of the sub-continent cooperate to assure their mutual peace, security and prosperity.

"The basis of the US position is that the question of the accession of Kashmir to India or Pakistan should be decided through a free and impartial plebiscite conducted under the auspices of the UN. This was stated by the US representative in the Security Council on December 5, 1952. It still stands." (Telegram 1125 from Karachi, December 14; *ibid.*, 690D.91/12-1455)

**13. Memorandum of a Conversation, Department of State,
Washington, February 16, 1956¹****SUBJECT**

Questions Arising in Indian-American Relations

PARTICIPANTS

Mr. Robert Murphy—G
Mr. George V. Allen—NEA
Mr. William J. Sebald—FE
Mr. Livingston T. Merchant—EUR
Ambassador John Sherman Cooper
Mr. J. Jefferson Jones, III—SOA

Ambassador Cooper said he would like to refer to US military aid to Pakistan, which in his opinion constituted the greatest obstacle in the establishment of friendly relations between the US and India. The Indians did not fear that the Pakistanis would conquer them in a war. They strongly opposed US military aid to Pakistan, however, because they thought that arming Pakistan, as well as our policy of supporting regional military pacts, chiefly in Asia, increased the chance of war. The Indians also resented the fact that partly because of our military assistance to Pakistan they had to divert substantial funds from economic development to increasing their own defenses. Ambassador Cooper thought that the Indians were somewhat reconciled to fulfillment by the US of its original commitment to Pakistan for military aid but that there would be the strongest repercussions if the US either increased the existing and committed military program or established bases in Pakistan. The Ambassador also believed that if the US took either of the foregoing actions it was probable that the Indians might be led to obtain arms from the Soviet Union.

Mr. Murphy recalled that at the time we had entered into the military assistance agreement with Pakistan, we had informed Prime Minister Nehru that we were prepared to negotiate a military assistance program with India. Why did the Indians feel it necessary to buy arms from the Soviet Union when they could also obtain them from the US? Mr. Murphy said that it was difficult for him to understand the Indian point of view on this question; he wondered what positive action the US Government could take in order to solve the problem which resulted from the establishment of our military assistance program with Pakistan. Ambassador Cooper replied that

¹ Source: Department of State, Central Files, 611.91/2-1656. Secret. Drafted by Jones.

one thing which we could do was to make the "Green Satin" equipment² available to the Indians.

[Here follows discussion of other issues in United States-Indian relations.]

² A type of confidential radar equipment.

14. Telegram From the Embassy in India to the Embassy in Pakistan¹

New Delhi, March 5, 1956—8 p.m.

162. For Secretary of State. I am sending this message to call attention to subjects which I assume will arise during the SEATO Conference,² and which directly affect U.S.-Government of India relations.

1. U.S. military aid to Pakistan.

The U.S.-Pakistan military agreement is unquestionably the chief cause of friction between the U.S.-Government of India. Aside from the merits of U.S. reasons for the pact, which this message does not argue, India considers the agreement:

(a) An unfriendly act toward Government of India considering the Government of India-Pakistan dispute regarding Kashmir.

(b) Made it necessary for Government of India to divert resources from productive to military purposes.

Perhaps most important, the Government of India does not believe that Pakistan wants arms for defense against Russia. It fears that with less responsible leadership than Pakistan enjoys at present and in event of internal crisis, Pakistan might be tempted to undertake military adventure against India.

It is believed that Indian feeling against the original U.S.-Pakistan pact³ has moderated since 1953, but the creation of

¹ Source: Department of State, Central Files, 396.1-KA/3-556. Secret. Repeated to the Department of State which is the source text. Dulles was in Karachi for the second Council meeting of the Southeast Asian Treaty Organization, March 6-8.

² Pakistan was an original member of the Southeast Asian Treaty Organization. The pact forming SEATO was signed in Manila on September 8, 1954, and entered into force on February 19, 1955. (6 UST 81)

³ Apparent reference to the agreement relating to the transfer of U.S. military supplies and equipment to Pakistan which entered into force on December 15, 1950. (1 UST 884)

the SEATO and Baghdad Pacts, and recent statements and rumors concerning the establishment of air bases, improvement of naval bases, and the supply of arms to Pakistan have aroused new fears and resentments in India.

The U.S. can argue that India should know the balance of armed strength is favorable to India and its fears are unreasonable. Nevertheless, Government of India officials express these considerations which influence their thinking.

1. The Government of India does not know the scope of the original arms agreement and whether its implementation would give Pakistan a favorable arms position.

2. It does not know whether new agreements for the supply of additional arms or for the construction of air bases are contemplated.

3. In any case, it believes the supply of modern arms may provide a favorable arms ratio to Pakistan, in view of the fact that Indian arms are chiefly of World War Two types.

I have been informed that because of these uncertainties and fears, some Government of India officials including the military, are arguing, that the Government of India should [take?] modern arms, even from Russia, to properly provide for its defense.

The Government of India does not accept the U.S. argument that it could similarly secure arms from the U.S. This is so, because it does not want to enter a military agreement contradicting its general policy, or in the absence of an agreement, it does not want to enter an arms race.

The supply of Indian arms by the United Kingdom is also being questioned as the Government of India believes that in event of war between India and Pakistan, the United Kingdom would deny supplies to both, while the question of U.S. supply to Pakistan would be unknown.

On other side, Indian press is currently playing up border incidents presumably with view to conveying impression Pakistan is becoming more obstreperous as result receiving U.S. arms. India not inclined admit that as the more powerful nation they may have it in their power to reduce the very tension which stimulates their alleged fears of Pakistan, by moving toward settlement Kashmir question.

The fear of India regarding potential military action may be unreasonable. Nevertheless the fear is a reality, and cannot be safely ignored. Actually, (a) it is a source of tension between the U.S.-Government of India as well as Government of India-Pakistan, (b) it may engender a new arms race, and offer an opportunity for Russia to enter this area with arms, as it has the Middle East.

I make no argument against fulfillment of our original commitments, but I suggest that the knowledge of these factors and the precedent of the situation in the Middle East dictates prudence.

I suggest:

1. That no new commitments be made during this SEATO meeting. The most potentially explosive commitment would be the establishment of air bases.

2. That any arrangements to implement the original agreement, if necessary, be explained as such, and played in lowest possible key.

It is reported that Pakistan will urge SEATO or U.S. separately to support its position on Kashmir. I can only point out that if this is done, it will confirm Indian fears that SEATO is not wholly a defensive organization against Russia [but] for political use against India also.

If it is urged by Pakistan that statements should be made because of Soviet speeches and tactics in India and Burma, and SEATO or U.S. accedes, it will be interpreted by Government of India that SEATO and U.S. have taken sides against India on both Kashmir and Goa, and of course emphasized if either is mentioned specifically. It does not appear that such statements can be of value to Pakistan and they will do the U.S. incalculable harm in India, repeating the experience of the Goa affair. I believe it would play directly into Russian plans, and of course make it impossible to discuss these matters with any value with Nehru.

I believe strongly, and urge that the U.S. take no step respecting the matters discussed herein that is not necessary to its own security. It will have the undoubted effect of further straining U.S.-Government of India relations and pushing India toward Russia in respect of arms.

Cooper

15. Editorial Note

On March 6, at the second session of the SEATO Council meeting, Pakistani Foreign Minister Hamidul Haq Chowdhury brought up the Kashmir dispute. Claiming that the recent statements of Soviet leaders during their visit to Kashmir had brought Pakistan into the East-West cold war, he reasoned that since the Soviet Union had publicly supported India's claim to Kashmir it was now time for Pakistan's friends to come out into the open. Secretary Dulles summarized the gist of the Foreign Minister's remarks:

"All Pakistan wanted was for people of Kashmir to be allowed to exercise self-determination and through plebiscite decide whether they wish to join India or Pakistan. This he said has been proposed by Security Council and India is committed to it. If Western democracy were reluctant support Pakistan for fear of annoying India, friends of West would be dismayed and demoralized. Failure to support Pakistan would have serious domestic repercussions in Pakistan, strengthening those opposed to government's policy of alliance with West and strengthening pro-neutralists."

Citing Article IV, Paragraph II of the Treaty, Chowdhury declared that a serious danger to the territorial integrity, sovereignty, and political independence of Pakistan had arisen and should be considered by the SEATO members. He recommended that SEATO help Pakistan solve the Kashmir issue by reaffirming the Security Council's resolutions favoring a fair and impartial plebiscite. (Secto 12, March 7; Department of State, Central Files, 396.1-KA/3-756)

At the third session of the Council the following day, Dulles declared that the United States position toward the Kashmir dispute remained that spelled out by Ambassador Hildreth in his press release of December 14, 1955. (Secto 18, March 8; *ibid.*, 396.1-KA/3-856) In a final communiqué dated March 8, the members of the SEATO Council also noted that the United Nations resolutions regarding Kashmir remained in force and affirmed the need for an early settlement of the Kashmir question through the United Nations or by direct negotiations. (Department of State *Bulletin*, March 19, 1956, pages 447-449)

16. Telegram From the Secretary of State to the Department of State¹

New Delhi, March 10, 1956—11 p.m.

Dulte 19. (1) Pakistan: Nehru talked to Secretary at length and with strong emotion reference Pakistan. While recognizing NATO might have been born of real necessity,² he doubted genuine security value of any Asian arrangements. He bitterly deplored SEATO and Baghdad pacts which he felt Pakistan entered not for security against Communists but to gain strength to use against India. He felt

¹ Source: Department of State, Central Files, 690D.91/3-1056. Secret.

² The North Atlantic Treaty was signed in Washington on April 4, 1949, and entered into force on August 24, 1949. (63 Stat. 2241)

Pakistanis martial and fanatical people who might readily attack India. He believes present government might not have that intention but situation unstable and government could readily change. He deplored that United States arming of Pakistanis was forcing India to arm and make large expenditures for defense when it wished concentrate on improving its economic and social conditions. He reiterated attack on SEATO as essentially alliance with Pakistan against India. Secretary asked why India did not then join SEATO. Nehru looked startled and said one could hardly expect him join organization which he morally disapproves and thinks mischievous. Secretary said Nehru might be able change its character if he were member.

Dulles

17. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, March 22, 1956—6 p.m.

2147. During discussions with Nehru and other Indian officials in Delhi March 9-10, it was clear that chief Indian concern was due to GOI military intelligence reports re US arms deliveries to Pakistan. Indian military officials may well have accepted exaggerated rumors and unverified information in order to justify larger appropriations for Indian army.

Department would welcome your views re two courses of action which might deprive GOI of opportunity to spread accusations of aggressive Pakistani intentions:

1. GOP might suggest full exchange of information with GOI re respective military establishments and armament of each side, somewhat along line of President Eisenhower's proposals to Soviets at Geneva last summer,² which was highly effective in emphasizing US peaceful intentions.

2. US with GOP concurrence, might inform GOI of precise nature of US military aid to Pakistan. If desirable or necessary, fact

¹ Source: Department of State, Central Files, 790D.5-MSP/3-2256. Secret. Drafted and approved by Allen; cleared with Jones. Repeated to New Delhi.

² Reference is to proposals at the Conference of Heads of Government at Geneva in July 1955.

could be made public subsequently that US had done so with Pak concurrence.³

Dulles

³ In telegram 1947 from Karachi, March 28, Hildreth commented that while he was sympathetic with the Department's concern which prompted telegram 2147, he did not believe that the basic issues dividing India and Pakistan could be solved by either of the two proposals. He maintained that the first suggestion would not have any real chance of acceptance unless substantial progress were made beforehand in solving those basic issues. "However," the Ambassador added, "it is possible that Pakistanis might be persuaded for tactical reasons to make some such proposal under certain circumstances and with appropriate safeguards in anticipation of such progress and that such offer might have some value in present situation." (Department of State, Central Files, 690D.91/3-2856)

18. Telegram From the Embassy in India to the Department of State¹

New Delhi, April 8, 1956—noon.

2204. Deptel 2361 repeated Karachi 2147.² Embassy agrees Department's assessment first sentence paragraph one but disagrees GOI objective is larger defense appropriations.

Embassy assumes that USG (a) neutral re final disposition Kashmir as long as it is settled peacefully and (b) wishes tension and fears between Pakistan and India reduced. On these assumptions and without attempting evaluate effects implementation of recommendations might have on SEATO and Baghdad Pacts, as suggested by Karachi 1947³ repeated Delhi 256, Embassy considers Department's suggestions important as effort remove tension and strengthen understanding of US objective.

Embassy agrees with reference telegram that Kashmir, etc. are basic issues dividing Pakistan and India and importance arms issue would be reduced if they settled. Nevertheless US alone cannot resolve these issues. US does have power to take helpful measures about military aid which, justifiably or not, is affecting these issues.

¹ Source: Department of State, Central Files, 690D.91/4-856. Top Secret. Repeated to Karachi.

² *Supra.*

³ See footnote 3, *supra.*

Embassy has reported (to Karachi 162⁴ and 165,⁵ Washington 1911 and 1917) some reasons for GOI fear. Further, India's fear of Pakistan seems atavistic insofar as it is rooted in long history of Muslim invasions and domination of India, the deep antipathy between Muslims and Hindus and recollection of partition incidents. It is now compounded by India's fear that Muslim Pakistanis receiving modern weapons with which India unable to cope. Embassy has no facts to justify GOI fear of Pakistan aggression but the fear is a reality which US influencing GOI policy and action to detriment settlement basic issues GOI-Pakistan and US-GOI relations, and to advantage USSR objectives.

Embassy sees adverse effects as follows:

1. Diversion of thin resources from productive to military investment.

This would lead GOI into larger acceptance Russian economic assistance because of compulsion to industrialize.

2. Increased pressure to purchase Russian arms.

Defense and Home Ministers⁶ and Vice President⁷ have told Ambassador during last week that GOI being compelled by US to make new defense expenditures. Home Minister said further expenditures under discussion. While some GOI officials oppose purchase arms from Russia, there are anti-Western elements in GOI who urge Nehru it is unsafe to rely on West as source of arms. Embassy informed and UK High Commissioner McDonald thinks true that Cabinet had made decision to purchase Russian planes week prior Secretary's visit. Deal stopped and purchase made from UK due Mountbatten efforts and McDonald believes influenced by Secretary's statements to Nehru. Yet McDonald says it is only first round and pressure to purchase Russian arms will continue long as US aid to Pakistanis feared.

If Soviet arms are purchased, GOI will assert US responsible while US opinion will be inflamed against India, with consequent danger of real breach between US and GOI as well as affecting military supply GOI-UK. Pakistan would ask for more arms from US and sentiment both GOI-Pakistan engendered for arms race comparable smaller scale to that US attempting to stop in Middle East.

⁴ Document 14.

⁵ In telegram 165 from New Delhi to Karachi, March 13 (for Secretary Dulles), Ambassador Cooper emphasized that India feared Pakistan might get increased military and economic aid from the United States as a result of talks between Mirza and the Secretary. (Department of State, Central Files, 790D.5-MSP/3-656)

⁶ Kailas Nath Katju, Indian Minister of Defense.

⁷ Dr. Servepalli Radhakrishnan.

As between alternatives suggested Embassy favors second since this approach concentrates on field in which US has direct influence and since first alternative would appear have little chance adoption and in any event would presumably take long time to negotiate.

If Pakistan desires initiate first alternative Embassy believes it would be more effective after execution by US of second alternative. Nehru has said he gives full credit to US statement. It is doubtful that same credit be given to Pakistan.

Embassy aware neither course of action intended settle basic issues between India and Pakistan nor is it certain that either course would prevent GOI or Pakistanis spreading accusations of others aggressive intentions, but second alternative:

1. Should tend impress GOI with USG's good faith in giving arms Pakistan only for defense against international communism.
2. Should similarly impress GOI with Pakistan's good faith acceptance US military aid.
3. Indicate US willing try accommodate on issues wherein it has direct interest, unlike such issues Kashmir settlement and Goa where not directly concerned.
4. Would indicate concrete results possible from such talks as that with Secretary and therefore promoting background for forthcoming talks with President.
5. Should weaken anti-Western elements GOI who press for purchase arms Communist sources.
6. Insofar as GOI's immediate fears of Pakistani intentions based incorrect Indian intelligence estimates, should reduce fear. This point stressed by Pillai prior Secretary's visit.

Embassy does not know volume and types arms to be supplied Pakistan. It emphasizes that despite value Department suggestions if arms supply is large or modern, the consequences and dangers pointed out herein will continue. Because consequences are urgent and dangerous, Embassy believes it necessary that to largest extent possible, in context of US security and commitments to Pakistan, the problem of military aid to Pakistan be studied at highest level to see if amounts, programming, etc. can be arranged to avoid consequences, and to coincide with US long-term political interests this area.

Cooper

19. Telegram From the Embassy in Pakistan to the Department of State ¹

Karachi, April 12, 1956—5 p.m.

2113. View proposals Delhi's 2204 ² and London's 4486 ³ to Department, Embassy considers desirable make certain further observations re Department's second suggestion Deptel 2147, ⁴ which was only briefly considered in Embtel 1947. ⁵

As Embassy reads Delhi reftel it has unstated premise that India's intentions to Pakistan are fundamentally pacific and that problem of easing present tensions between two countries is somehow convince Indians that regardless of Pakistani intentions, Pakistani capabilities are and will continue to be too limited to constitute any real threat India. Regardless merits of this assumption, Embassy points out that it is not widely held in Pakistan and present GOP would react very negatively to any proposal more or less obviously based on it. Pakistanis are in fact, deeply suspicious of Indian bonafides many of them feeling that India not reconciled to existence of independent Pakistan and has from time of partition endeavored isolate Pakistan preparatory absorbing it. Moreover, in view recent militant Indian activity on frontier, coupled with Nehru's repudiation of Kashmir plebiscite commitment, it would be difficult convince Pakistanis that India needs assurance Pakistanis do not threaten Indian security. In point of fact, Pakistan Prime Minister has recently spoken to Ambassador of his serious concern at reports of Indian arms deal with UK, which indicate that Indians will receive important offensive weapons on accelerated schedule.

We believe these considerations lend further support view stated Embtel 1947 that it would be unrealistic for US make plans on assumption that GOP will agree disclosure of important military information to India non-reciprocal basis. Embassy convinced there is no prospect whatever Pakistanis agreeing voluntarily such proposal and sees no possible means by which US could persuade them short of threat to cancel program.

Embassy continues believe most we could hope get Pakistanis agree to in furtherance Department's objectives would be proposal for mutual exchange of military information in form suggested

¹ Source: Department of State, Central Files, 690D.91/4-1256. Secret. Repeated to New Delhi and London.

² *Supra*.

³ Dated April 6, not printed. (Department of State, Central Files, 690D.91/4-656)

⁴ Document 17.

⁵ See footnote 3, *ibid*.

Embtel 1947—id est as additional element in present Pakistan proposal to combine no-war declaration with agreement on methods of settlement all outstanding disputes. (Objection raised Delhi reftel that Nehru lacks confidence Pakistani word could be met either by inspection system or possibly by arrangement whereby US and UK, as principal suppliers two countries, corroborated information provided by principals.) If this held inadequate to requirements Indian situation then only course open is proceed give Indians information without Pakistani consent.

Embassy considers such course would be very dangerous if not fatal to good US-Pakistani relations. Pakistan intelligence on India extremely effective and Pakistanis undoubtedly receive reports of action of this sort in short order. Even if Indians were disposed respect confidence and keep matter quiet, they would nevertheless have to give report fairly wide official circulation if it is to have desired effect in India. Assuming, on other hand, they wished utilize episode for creating difficulties in US-Pakistani relations and for Baghdad Pact and SEATO, potentialities for mischief are enormous.

Above considerations seem to Embassy effectively rule out any approach Indians on this subject, including that proposed by British (London reftel), without prior Pakistani knowledge and consent. However, if on balance Department considers that dangers India resulting from failure to act greater than risk Embassy foresees here as results such action, Embassy believes US might gain some small protection by letting British bear on us, as they seem prepared to do. However, even though US managed, with such dexterity as to be able to deny official complicity when Pakistanis learn of leak, such denial will do little to repair serious damage. Embassy recalls repeated urgent Pakistani requests not provide British information re equipment under MDAP because their conviction British would promptly relay Indians. Even though denials should be accepted at face value, which Embassy doubts, effect would be undermine Pakistani confidence in UK and thus in possibility co-operation SEATO and Baghdad Pact. A deep and serious breach would be opened between Pakistan and West.

Hildreth

20. Telegram From the Embassy in France to the Department of State¹

Paris, April 25, 1956--1 p.m.

4975. From Cooper. Before leaving Delhi in talks with President, Vice President and Pant all emphasized effect United States aid on GOI in terms of requiring necessary steps for defense. Vice President said that Mikoyan² during his visit Delhi told Nehru and others that when Mikoyan asked Pakistan officials why Pakistan would enter into pacts and secure United States military aid against Soviets, officials responded that their purpose was not to secure arms against Soviets but because of their difficulties with India.

Krishna Menon, without identifying Mikoyan, told me that Pakistan had made this statement to Russians and Russians had told GOI. Pillai told me April 21 that there was uncertainty among some in MEA about Secretary's information to Nehru regarding volume of United States military aid Pakistan. He believed there might have been misunderstanding, saying that since Secretary Dulles' talk, Nehru had been more concerned about United States aid and seemed to believe that large volume of armor on way to Pakistan. As this personal statement of Pillai, do not think reference should be made to him in any communication.³

Dillon

¹ Source: Department of State, Central Files, 790D.5-MSP/4-2556. Secret. Repeated to Karachi and London.

² Anastas Ivanovich Mikoyan, First Deputy Chairman of the Soviet Council of Ministers.

³ In telegram 2265 from Karachi, April 28, Ambassador Hildreth noted that many Pakistani officials hoped that U.S. military aid would strengthen Pakistan against India, despite Pakistan's official position, as stated by President Mirza, that the Pakistani army was an instrument "for service not only of Pakistan but of free world." (Department of State, Central Files, 790D.5-MSP/4-2856)

21. Memorandum of a Conversation, Department of State,
Washington, May 1, 1956¹

SUBJECT

India and Pakistan

PARTICIPANTS

The Secretary
Mr. Merchant
Mr. MacArthurSir Roger Makins,
British Ambassador
Sir Hubert Graves, British Minister

Sir Roger has said that the main purpose of his visit this morning had been to discuss the problem of India and Pakistan. Nehru and the Indian Government were suffering from grave misapprehensions about the U.S. arming Pakistan. They took the position that it would upset the balance of power between the two countries and perhaps lead the Pakistanis to engage in some sort of "Holy War". . . . When Lord Mountbatten had recently visited India, he had been armed with a brief to allay Indian fears. But he had not been successful in allaying Indian apprehensions. In part, Mountbatten felt that his failure in this respect had been due to information from American sources, perhaps attributed to something the Secretary or Ambassador Cooper had said to the Indians, during the Secretary's recent visit to New Delhi.

The Secretary asked Sir Roger what he was supposed to have said and Sir Roger replied that he did not know and that it was all rather vague. The Secretary pointed out that in his recent visit to India, he had pointed out to Nehru that we were not embarked on any new arms program for Pakistan, but were simply trying to catch up on deliveries which had fallen far short under our original program. In essence, we were supplying additional equipment to fully equip the 5½ Pakistani Divisions. The Secretary said that he had also pointed out to Nehru that we had no intention of establishing military bases in Pakistan. Furthermore, there were triple provisions that none of the armament which we supplied would be used for aggressive purposes under the UN Charter, the provisions of the SEATO Treaty, and the U.S. bilateral aid agreement with Pakistan. The Secretary further pointed out that the U.S. in signing the SEATO Treaty had entered a reservation that it would only come into force in the event of Communist aggression since we did not wish to be brought into disputes between countries in the area with which we had friendly relations. Finally, the Secretary pointed out to

¹ Source: Department of State, Central Files, 690D.91/8-156. Secret. Drafted by MacArthur.

Sir Roger that in his press conference in New Delhi he had made it quite clear that if contrary to all expectations Pakistan committed aggression against India, the U.S. would be on the side of the country against which the aggression had been committed. This had not gone down well in Pakistan but had been specifically designed to make clear to the Indians the position of the U.S.

.

The Secretary said that we had contemplated giving the Indians directly information regarding our arms shipments to Pakistan but we had dropped this idea as a result of the strong recommendation against it by our Embassy in Pakistan which feared that the Pakistanis would react badly if we did so. The Secretary added that there seemed to be a split on this question in the Pakistan Government and that while some people in the Foreign Office favored informing the Indians on the scope of the Pakistan defense program on a reciprocal basis, the Pakistan Government as a whole seemed to be against it. . . . The Secretary said that any discussions the British had with the Indians looking to allaying their fears should be bilateral rather than in the forum of the Commonwealth Conference so as to avoid creating additional problems with the Pakistanis. . . .

Douglas MacArthur II ²

² Printed from a copy which bears this typed signature.

22. Telegram From the Department of State to the Embassy in Pakistan¹*Washington, May 12, 1956—5:51 p.m.*

2683. Re USUN 957² to Department repeated by Department to Karachi re Kashmir:

1. Department sympathetic Pakistani desire to make progress Kashmir dispute. However we continue believe many difficulties in way SC action would be satisfactory to Pakistanis. Moreover seems probable Soviets would veto any resolution unwelcome to Indians.

2. Department sees some advantages in postponement SC consideration to January for reasons such as those cited reftel. In any case Department believes consideration should be deferred two or three months. However if Pakistanis after consultation find majority other members SC favors early consideration we would go along. FYI We understand British High Commissioner Karachi being told British would prefer Pakistanis, if they consider it necessary raise Kashmir question again SC, not do so until after Prime Ministers' conference June but that as British cannot hold out hope effective discussion in London then, they cannot press preference for postponement very far. End FYI.

3. We think if and when SC does consider Kashmir problem one of most constructive courses action might be request Graham by consensus of Council (no new resolution necessary) return to sub-continent for review existing situation, discussion with leaders both Governments and report within specified period of time to Council. This might offer opportunity both sides make clear presentation their viewpoint avoiding tension and acrimony which would result should Council seek to be brought up-to-date on issue in discussions before Council itself. We would encourage Indians give full cooperation Graham Mission.

4. US believes all parties should keep in mind that ultimately reference to GA may be only remaining course with prospect progress towards solution.

¹ Source: Department of State, Central Files, 690D.91/5-1156. Confidential. Drafted by Thacher and Jones, cleared with UNP and IO, and approved by Rountree. Repeated to New Delhi, London, and USUN in New York.

² In telegram 957, May 11, to Secretary Dulles, Henry Cabot Lodge summarized the substance of a recent conversation with Mir Khan, Pakistan's Permanent Representative. Lodge informed Khan that the United States was sympathetic to Pakistan's desire to bring the Kashmir question before the United Nations, but that he had not yet received any instructions on possible U.S. support of any Pakistani resolution. Lodge informed Dulles that he believed the Pakistanis would agree to postpone bringing Kashmir before the United Nations until January 1957 if the United States indicated it would support a resolution calling for a plebiscite (*Ibid.*)

Embassy should convey to GOP above US viewpoint. Inform Department soonest Pakistani reaction.³

Dulles

³ In telegram 2475 from Karachi, May 18, Ambassador Hildreth reported that he conveyed this message to Prime Minister Mohammed Ali the previous day. Ali pointed out that most Security Council members would follow the lead of the United Kingdom and the United States. All Pakistan wanted, he emphasized, was support for a plebiscite and not a decision by the Council affecting the fate of Kashmir. He warned that U.N. prestige would suffer and Indian influence on international affairs would grow if the United Nations failed to act. He requested Hildreth to impress this view strongly on the Department of State. Regarding the question of timing, he indicated that Pakistan could not wait for a year to bring the Kashmir question before the United Nations again; such a delay would put the government in a "false and impossible position" and Pakistan's relations with both the United States and the United Kingdom would be adversely affected. (Department of State, Central Files, 690D.91/5-1856)

23. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, May 15, 1956—5 p.m.

2418.

... in my conversation with Mirza May 12 Mirza referred GOI acquisition Canberra bombers, expected deliveries complete in year's time, and emphasized only way maintain peace was if GOI realized GOP had retaliating power through bomber squadrons, thus re-enforcing Prime Minister's request reported Embtel 2386.² Mirza asked me discuss in Washington and see if delivery could be speeded up.

I commented seemed as if GOI GOP were starting arms race with unpredictable results, but most likely unfortunate ones and

¹ Source: Department of State, Central Files, 790D 5-MSP/5-1556. Secret, Priority. Repeated to London and New Delhi.

² In telegram 2386, May 10, Ambassador Hildreth reported that the Prime Minister had informed him the previous day that Pakistan considered it important to acquire from the United States two squadrons of light bombers in addition to the current military assistance schedules. The planes would help ensure peace with India, he emphasized, by assuring the Indians that Pakistan was capable of retaliation. (*Ibid.* 790D 5622/5-1056)

asked if it might not be well for US and UK exchange information on programs to GOP and GOI respectively so that US and UK could pass on information to lessen each country's worries. Mirza replied "no details should be given because we have always known that UK information goes promptly to India. Of course with McDonald in command Pakistan air force UK and therefore India knows all about Pakistan air force, but we think some army information not known to UK. We would not want any detailed information passed to UK."

Embassy thoroughly in accord that measures must be found to prevent arms race on subcontinent, while equally convinced that both India and Pakistan require sound modern defense establishments. Thinking here, however, conditioned by following considerations.

1. Pakistan has genuine reason fear India; India has pronounced military superiority, could dominate Punjab, take over East Pakistan at will, controls up river Indus waters.

2. India's fears of Pakistan have less genuine basis, and press build-up in India, including GOI incitement of recent border incidents, appear to be deliberate manipulation of GOI to denigrate Pakistan and discredit BP and SEATO. Indian HICOM³ has told . . . that India's interests demand three to one superiority in fire power over Pakistanis. Possibility losing this margin may be one cause present concern GOI.

If this analysis correct believe attempt of UK "allay Indian fears" doomed to frustration even if GOP agreed to it. May I take following line with President and Prime Minister with Department's support:

1. US and UK have exchanged views on rising tensions potential arms race on subcontinent which all concerned must deprecate.

2. US thinks it in interest both India and Pakistan for internal stability and legitimate defense have up to date equipment for reasonable armed forces.

3. UK prepared program bomber squadron for PAF on reasonable schedule but is concerned at attitude expressed by President and Prime Minister over Pakistan requirement retaliatory power against India. Purpose MDA to counter Communist aggressions and we regret talk of possibility perversion original purpose which talk would disturb American opinion.

4. US has indicated to GOI general nature Pakistan build-up—Deptel 2577 to Delhi⁴—which was described as re-equipment rather than expansion.

5. US considers that GOI engaged in war of nerves against GOP and Pacts, which can best be countered by reiteration in public, whenever opportunity serves, of what we understand to be GOP position.

³ Chandulal Chunilal Desai.

⁴ Not printed. (Department of State, Central Files, 690D.91/4-1456)

a. GOP has no intention seek other than peaceful solutions its problems with India, notably Kashmir and Canal waters.

b. GOP seeks suitable no war guarantees with India, coupled with agreement settle present and future disputes through arbitration.

c. GOP equally concerned with GOI in defense subcontinent and prepared following satisfactory settlement of (b) to exchange full military information with GOI.

6. If foregoing attractive to Pakistanis US prepared encourage GOI meet GOP halfway on this program and persuade UK do likewise.

Embassy believes best interests of all served by carrying out psychological offensive to get both countries to talk about no resort to force.⁵

Hildreth

⁵ In telegram 2551 from New Delhi, May 19, Bartlett commented that in most respects he agreed with Ambassador Hildreth's analysis. "While Embassy would not question Karachi's estimate GOP viewpoint," he pointed out, "we believe India's fears of Pakistan are genuine, regardless of whether US and GOP consider fears justified. In fact, impending loss of fire-power superiority over Pakistan contributes to GOI concern. On other hand, it seems here that GOP's 'genuine reason to fear India' should be heavily discounted. Present GOI leadership and policies rule out any military-territorial adventures, even against Goa. As practical matter Indian efforts being devoted overwhelmingly to internal problems, such as drive for economic development and states reorganization. Embassy does perceive some validity, however, to Pakistan fear of GOI control of up-river Indus water." (*Ibid.*, 690D.91/5-1956)

In telegram 2800 to Karachi, May 24, the Department indicated that the Embassy's suggestions for allaying Pakistani-Indian tension were being given careful consideration. (*Ibid.*, 790D.5-MSP/5-1556)

24. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, May 18, 1956—4 p.m.

2470. I took opportunity May 17 discuss Department telegram 2707² with Prime Minister pursuant instructions therein making clear US deprecated idea of arms race between GOP and GOI and

¹ Source: Department of State, Central Files, 790D.5-MSP/5-1856. Secret. Repeated to Paris for Woodruff Wallner, Counselor of the Embassy in France and Political Adviser to the European Command in Paris.

² Dated May 16, not printed. (*Ibid.*, 790D.5622/5-1056)

purpose of US MDA was strengthen Pakistan forces for other purposes which should be clearly understood. Prime Minister said fully appreciated USG position and emphasized their increased interest in bombers was not due desire greater force vis-à-vis India for had lived without undue fear India for several years despite overwhelming superior military power of India. Pakistanis wanted bombers to avoid qualitative inferiority and to keep India aware of Pakistan's retaliatory power, although power ratios unaffected.

Prime Minister went on to point out that India's policy was aimed at containment and possible absorption of Pakistan. He referred to fact that London *Economist* had recently published article indicating Indian belief that 3 to 1 superiority over Pakistan in armaments was essential Indian policy. Prime Minister pointed out US bombers would be required to keep Pakistan ratio strength up to level of 1 to 3 and went on to say if GOI argued for 3 to 1 ratio it could not be because of any fear complex in Indian minds nor could GOI be thinking purely in terms of defense against Pakistan. Ratio of 1 to 1 should be enough for defense purposes as the country on defensive had certain, obvious advantages over aggressor.

Embassy awaits Department's instruction re Embassy telegram 2418.³

Hildreth

³ *Supra*.

25. Telegram From the United States Mission at the United Nations to the Department of State¹

New York, May 31, 1956—7 p.m.

1046. For Hoover from Lodge. Re Kashmir.

1. Recent information (Karachi 2537² and Despatch 813³) indicating Pakistani Prime Minister has received impression, as result our comments on timing Kashmir discussion, that we are not prepared support Pakistan in UN are not justified by anything I have said or done. If decision is made to have US sponsor Pakistan resolution and

¹ Source: Department of State, Central Files, 690D.91/5-3156. Secret; Niact.

² Dated May 24, not printed. (*Ibid.*, 690D.91/5-2456)

³ Dated May 19, not printed. (*Ibid.*, 790D.00/5-1956)

push it through to "vote or veto" we can certainly do it. In all my conversations with Pakistan representatives here, I have always made it clear that if they wanted to have meeting now or in June we would interpose no objection whatever, and that we were most sympathetic with them. When I suggested they consider postponement I was only doing what their representative here thinks is advantageous from their own viewpoint. Mir Khan has repeatedly said he thought it more advantageous to Pakistan to take this matter up in January when Philippines rather than Yugoslavia will be on Security Council.

2. We should reassure Pakistan of our basic support. Same reasons that motivated US support Pakistan at SEATO conference apply in SC. There is no alternative to firm stand on principle of plebiscite as long as this desired by Pakistan. Deptel 660⁴ says we should avoid implication US "supports" Kashmir plebiscite. Yet on March 7 Secretary stated "basis of US position is that accession of Kashmir to India or Pakistan should be decided through free and impartial plebiscite under UN auspices". If we appear to "run out" on this statement, we lose respect both Pakistan and India.

3. The question is not whether we are committed, which we clearly are. The question is one of how and when we make good our commitment. Department should study feasibility of President reminding Nehru at an occasion when he is giving Nehru some really good news that, of course, we are committed on Kashmir question.

4. If US policy no longer supports Pakistan on plebiscite they should be told before item submitted, as they are certainly counting on US backing, but this "reluctant" policy (Deptel 660) would be a bad mistake.

5. On timing, I prefer January 1957. My second choice is while GA is in session in November-December (Mir Khan personally agrees with me). If neither of these times is possible, the later after Nehru's visit the better.

6. I recommend Pakistan Embassy be told soonest, and I be authorized to inform Pakistani delegation here;

a. US would prefer timing suggested above.

b. We are sympathetic with Pakistan objectives, and Secretary's statement of US position at SEATO, that accession of Kashmir to

⁴ In telegram 660, May 25, the Department explained that it did not want to pressure Pakistan into delaying Security Council consideration of the Kashmir dispute in light of the unstable political situation in Pakistan. Nor did it wish to give the Pakistanis cause for alleging that the United States was morally obligated to support their position in the United Nations because they had acceded to a U.S. request regarding timing. For these reasons, the Department instructed the Embassy to avoid the implication that the U.S. position "supports" a Kashmir plebiscite, and suggested that the Embassy instead use the language of the SEATO Communiqué, cited in the editorial note, Document 15. (Department of State, Central Files, 690D.91/5-2556)

India or Pakistan should be decided through free and impartial plebiscite under UN auspices, has not changed.

c. Assuming present administration re-elected, I would be authorized next January to restate in SC US position supporting Kashmir plebiscite in same terms as those stated by Secretary at SEATO meeting, and that we would support SC consensus statement by President to that effect and to send high-ranking individual to Kashmir area to discuss problem with parties concerned.

This will satisfy Pakistanis and may stave off need for US to sponsor a resolution.

7. Even though we assume plebiscite will not actually be held and some other solution must be found, in present circumstances and frame of mind of Pakistanis, I do not see how we can move in new direction without first having reaffirmed publicly our support for plebiscite along above lines.

Lodge

26. Telegram From the Department of State to the Embassy in Pakistan ¹

Washington, June 1, 1956—1:21 p.m.

2860. Karachi 2418 ² repeated New Delhi 290, New Delhi 2551 ³ repeated Karachi 214. While concerned continuance Indo Pak tensions and desiring assist in their alleviation Department believes this not most favorable moment make specific representations at highest level either government in view imminence Nehru visit U.S. ⁴ and current Pakistani preoccupation internal problems.

However Department believes both embassies might as opportunities arise in conversations with important officials give emphasis to following:

1. Both governments should recognize important part their fears and suspicions of each other play in determining respective policies. Accordingly we would hope each country would seize every oppor-

¹ Source: Department of State, Central Files, 790D.5-MSP/5-1556. Secret. Drafted by Thacher and approved by Rountree. Also sent to New Delhi and repeated to London.

² Document 23.

³ See footnote 5, *ibid.*

⁴ Nehru was scheduled to make an official visit to the United States in July, although the trip was subsequently postponed until December.

tunity by statements and gestures reassure other as to their peaceful intentions.

2. However no amount reiteration peaceful intent can take place of real progress in settlement outstanding disputes. U.S. believes both sides have demonstrated enlightened attitude in efforts for satisfactory resolution their respective interests Indus valley waters. U.S. realizes internal political problems posed by Kashmir question. U.S. notes efforts of both sides to negotiate it and hopes next phase discussion this problem will be marked by conscientious endeavor for solution. We note also conciliatory desire displayed by both governments in efforts meet refugee problem East Pakistan.

3. U.S. believes both governments should take lead in making clear their people progress achieved thus far in solution disputes by dint concerted effort by both sides.

Re Karachi 2418 Department believes points 1 and 2 might be used in discussion with Pakistanis to support line suggested above. Re point 3 we would prefer omit references deliveries military equipment in context Pak Indian relations. Re 4 Department believes indication to GOP we have discussed Pak military program with GOI might alarm Pakistanis unnecessarily. Re 5 believe we should avoid accusations re "war of nerves" while encouraging GOP in peaceful statements. For moment however Department believes effectiveness our arguments GOI would be lessened by any effort persuade Indians accept arbitration principle which generally unacceptable in major territorial disputes.

Hoover

27. Telegram From the Department of State to the United States Mission at the United Nations¹

Washington, June 8, 1956—8:39 p.m.

689. For Lodge from the Secretary. Re Kashmir urtel 1046.² While I can see certain advantages to postponing SC Kashmir action until January I do not believe we should push Paks for such timing at expense substance position we would have to take whenever

¹ Source: Department of State, Central Files, 690D.91/5-3156. Secret. Drafted by Ludlow, Samuel DePalma, Deputy Director of UNP, and Witman; cleared with Rountree and Wilcox; and approved by the Secretary of State. Repeated to Karachi with instructions to pouch it to New Delhi.

² Document 25.

question considered. On number recent occasions (SEATO and Baghdad Pact communiqués)³ we have tried give satisfaction Paks to extent acknowledging continued validity commitment both parties to holding UN plebiscite. In such public statements however we have avoided entering into merits case and have made clear our hope for early settlement either through UN or by direct negotiations.

I believe Paks can be in no doubt that my March 7 statement, made in closed SEATO session, was not intended exclude alternative means achieve settlement. In talking to press in both Karachi and Delhi immediately following SEATO conference (excerpts pouched USUN) I reiterated above position. It is understandable Paks would wish make it appear that our "commitment" to "support" their side of case against India is a firm one.

In view our primary concern peaceful settlement acceptable both sides, and since unlikely any action Security Council could take would accomplish what Paks desire, it is in our interest avoid insofar as possible playing leading role which would incur wrath both sides. We should continue coordinate closely with UK in this intra-Commonwealth dispute. We understand UK will not press Paks delay SC action beyond Commonwealth Conference end this month. In circumstances we should not seek prevent Paks reopen case SC if their domestic pressures require it, and should avoid definite undertaking regarding future US action.

Re suggestions para 6 reftel I suggest you take following position with Pakistanis:

(a) For reasons Mir Khan acknowledges, we see advantage postponing SC action about two months (as Paks now seem to plan).

(b) We desire see peaceful settlement acceptable both sides. Karachi SEATO communiqué referred to statements Soviet leaders on Kashmir and said "the members of the Council, noting that the UN resolutions remain in force, affirmed the need for an early settlement of the Kashmir question through the UN or by direct negotiation". US adheres this position.

(c) When case comes before SC, US would be willing consider possibility SC action designed to reaffirm validity UN resolutions and to send high-ranking individual to area to discuss problem with parties concerned.

Dulles

³ The Baghdad Pact communiqué was issued after the second meeting, held in Tehran, April 16-19; it is printed in Department of State *Bulletin*, May 7, 1956, pp. 754-756.

28. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, June 9, 1956—4 p.m.

2710. In conversation with Mirza June 8 I mentioned subject *New York Times* article June 2 (Embtel 2626)² making clear my knowledge it inspired by Mirza and expressing regret that this method had been selected to forward GOP viewpoint in US, as I doubted whether our government and people would react favorably to charges of being blackmailed or being involved indirectly in arms race on sub-continent. Also told Mirza that Prime Minister previously informed (Embtel 2386)³ that B-47, same as Canberras, tentatively scheduled 1959/60 delivery under Pakistan MDAP which was as soon as PF could absorb them; that understood from Pakistan military MDA shipments were coming in nicely now (which Mirza agreed); and that in June with prospective announcement letting Corps Engineers contracts and arrival carrier with F-86's GOP would have plenty of favorable publicity for US aid programs. Mirza's reaction was expression his desire keep this news as quiet as possible. (Parenthetically: PAF recently declined clear flights of MAAG and Attaché planes to Gilgit, explaining that wished avoid lending any possible credence to canards re US bases Gilgit.)

Mirza then said that GOP under severe pressure neutralist elements and fearful that Nehru in two days private talk with President Eisenhower might be effective in obtaining his two presumed objectives: first to reduce US military support to Pakistan, second to neutralize US position of Kashmir in UN. He asked how we stood on Kashmir, for a plebiscite? Pursuant instructions Deptel 2809,⁴ I said as we stood at SEATO, for settlement through UN if issue could not be settled through direct negotiations, we looked for peaceful settlement. Mirza was emphatic that he had always stood for peaceful settlement.

Comment: Appears clear that all Pakistani leaders worried about Nehru's persuasiveness during his visit to US and in working through *NY Times* correspondent Mirza selected Asian way of indicating his desire for US support.

¹ Source: Department of State, Central Files, 790.5/6-956. Secret. Repeated to London and New Delhi.

² In telegram 2626, June 1, Gardiner pointed out that the *New York Times* correspondent in Pakistan was about to file a story based on a May 31 conversation with Mirza in which the Governor-General complained about the United States and the United Kingdom. (*Ibid.*, 790.5/6-156)

³ Dated May 10, not printed. (*Ibid.*, 790D.5622/5-1056)

⁴ Also sent to USUN as telegram 660; see footnote 4, Document 25.

Embassy appreciates Department's doubts re advisability support Pakistani effort in UN but wishes to emphasize the case for support of Pakistani position. On merits, Pakistanis have good moral case based on self-determination whatever may be legalities of Indian position re accession by Hindu Maharaja of predominantly Muslim state to India in 1947. This issue is involved in deep emotions in Pakistan. Present GOP is responsible for having stimulated recent popular clamor, but basis future clamor exists. Feeling of isolation in Pakistan which Pakistanis share with Iraqis, with unfriendly neighboring states attacking their pro-western alignment, and USSR knocking at door, can be serious factor Pakistani-American relationships near future. Embassy can see impairment US relationship Pakistan if US fails maintain line authorized by Department in December that question of accession should be decided through plebiscite.

For what it may be worth, it is Embassy's opinion that this course is proper one and we will gain international respect by following it. Trust there will be opportunity for Department to review this subject with Ambassador Hildreth in Washington next week.

Gardiner

29. Despatch From the Embassy in Pakistan to the
Department of State ¹

No. 920

Karachi, June 29, 1956.

SUBJECT

Kashmir

It seems timely to attempt to summarize the views of Embassy Karachi regarding Kashmir.

The Prime Minister of Pakistan is now making effective his public advocacy of Pakistan's case in London; an extract from his speech of June 25th is attached to this despatch. ²

The Embassy is satisfied that the depth of feeling, at least in West Pakistan, regarding what Pakistanis consider the injustice of

¹ Source: Department of State, Central Files, 690D.91/6-2956. Confidential.

² Not printed. The speech, which strongly advocated self-determination for the people of Kashmir, was delivered during the Commonwealth Conference in London.

the present situation calls for a continued appraisal of U.S. policies in relation to the Kashmir issue. These policies affect our relations with Pakistan, with India and with the United Nations. This despatch is an attempt to evaluate recent expressions of Pakistani leaders, most of which have been the subject of piecemeal reporting from time to time in cables, memoranda of conversation and despatches. The June 25th speech of Prime Minister Ali will probably remain the classic statement of the case.

It is certainly our impression in Karachi that feelings run deep both among the articulate public and in government circles insofar as Kashmir is concerned. Pakistanis feel that the basic understanding at the time of partition was that contiguous territories would be divided between India and Pakistan pursuant to the wishes of the majority of their populations, that Kashmir was predominantly Muslim, and that the legal devices used by the Hindu rulers of India and Lord Mountbatten in wresting the Kashmiris from Pakistan, however sound they may have been technically, were morally wrong. Furthermore, the arrest of Sheikh Abdullah³ and other oppressive measures taken in Kashmir by the Government of India are proof of the injustice of India's case and indicative of the Indians' ambition, under Nehru's guidance, to dominate for the sake of domination. Pakistanis cite the case as yet another instance where the United Nations has proved to be an instrument of futility. They are convinced that the Muslims, at least in the Vale of Kashmir, wish to be free of Hindu domination and to become aligned with Pakistan.

Pakistani actions in the last few months in handling the Kashmir case, however, are equally indicative of the lack of effectiveness of the Government of Pakistan and the disunity of its top leadership. November witnessed a gathering from throughout West Pakistan of various leaders, described as an All-Parties Kashmir Conference. This gathering was supposed to provide the necessary popular support for a strong line of action to be taken by the Government. Three successive courses of action were mapped out. First there were to be private talks with Nehru; failing a favorable result of these talks, an approach to the United Nations; and failing action by the United Nations, the threat of a mass movement among the tribes and the Muslim population of Kashmir, a satyagraha.

Talks with Nehru have not taken place and have been frustrated by announcements made by Nehru and his colleagues. As far as the United Nations is concerned, the Government of Pakistan is still floundering about trying to find a leader for its delegation to the Security Council who can effectively present Pakistan's case. The last two months have witnessed fruitless efforts by the Government

³ Prime Minister of the State of Jammu and Kashmir, 1948-1953.

of Pakistan to find such a qualified person. In the meantime, U.S. interests have certainly not been improved here as a result of our expressed wishes to postpone presentation of the case to the Security Council, and our unwillingness to advocate positive support for Pakistan's demands for a plebiscite in the Security Council. At the moment, our tactics appear unfortunate as our lukewarm attitude has not helped us here, while Pakistan's own default has been such as to foreclose action in the Security Council during the spring or early summer of 1956. With the prospects of further political turmoil in this country in the late summer of 1956, it is quite likely that Pakistan will find it still more difficult to recruit a satisfactory team for presentation of the Kashmir case in the Security Council.

Pakistanis are equally vague on plans to administer the state of Kashmir if it were detached from India through action of the United Nations. There is no plan for the taking over of administrative functions, and little thought has been given to the relationship of the areas that might be annexed to Pakistan in the constitutional structure of Pakistan. Queries by Embassy officers as to what Pakistan would do if a plebiscite resulted in Kashmir's annexation to Pakistan bring either a shrug of the shoulders or a statement to the effect that at the time of partition there were no plans for operating Pakistan, but it was operated; and the same outcome might be anticipated if Kashmir opted to join the Republic.⁴

I was recently asked to see Secretary of the Cabinet, Mr. Aziz Ahmed, on this subject. Mr. Ahmed considers this issue far and away the most important one facing any government of Pakistan, and is convinced that Pakistan's foreign policy has been and will continue to be guided primarily by this consideration: "Will our proposed action help solve Kashmir?" Mr. Ahmed told me that in 1953 Nehru had returned from the Commonwealth Conference in London to India via Karachi. When he reached Karachi he had been obviously impressed by the warmth of feeling shown by the Pakistani crowds toward him as a great Asian leader. Moved by this manifestation, Nehru had expressed in correspondence with Pakistan's Prime Minister his willingness to solve the Kashmir problem by a plebiscite, and working level teams representing Pakistan and India met to discuss ways and means of carrying out this undertaking. The Pakistanis believe that Nehru felt that by a concession of this nature to Pakistan, he could extend his influence over the entire subcontinent and gain a position of dominant leadership over both wings of Pakistan. That would have enabled him to move toward achieving his ambition of being recognized as the unchallenged leader of all of Asia.

⁴ See Clause 203 of the Constitution. [Footnote in the source text.]

The plans, however, for a bilateral solution of the question failed when rumors of substantial American assistance to Pakistan were broadcast in the autumn. Mr. Ahmed referred specifically to an editorial in the *New York Times* which upset Nehru thoroughly and frustrated the operation of the working level teams. This editorial considered the possibility that with American military assistance, a Pakistani army of no less than 1,000,000 men would be activated. With such a prospect, Nehru saw that his role as leader of Asia was challenged. Subsequently, the establishment of large scale military and economic assistance programs to Pakistan have rendered impossible any concessions by the vain and ambitious Nehru. Nehru is, therefore, sincere when he says that India's position with regard to Kashmir has been altered by Pakistan's acceptance of large-scale assistance from the United States. While such a position appears illogical and irrational to the outsider, what Nehru is really saying is that if the Pakistanis and Americans make it impossible for me to achieve my destiny as the dominant force on the subcontinent and throughout South and South East Asia, I will not agree to a Kashmir plebiscite. The Kashmir plebiscite is in my power, but is to be used only in consideration for achieving my own personal ends. Such is the reading of Mr. Ahmed, an exceptionally well informed Pakistani.

The Embassy has been made well aware of the very considerable propaganda from the Government of India which rationalizes India's current position on Kashmir along other lines. For example, India treats its Muslim population well. The result of a plebiscite in Kashmir would cause a chain reaction among the 43,000,000 Muslims living throughout India, and cause a revival of communalism in its worst forms. India has a sound legal case in Kashmir and the Kashmiris and Pakistanis were guilty of aggression. This is nobody's business but India's and Pakistan's. It is purely a family quarrel. (The Indians undoubtedly think that the big brother could take good care of little brother if people outside did not interfere.)

The Department will note that in a recent conversation with the Ambassador, the Prime Minister of Pakistan indicated his willingness for a compromise settlement with predominantly Hindu areas of Jammu and Kashmir being permitted to remain with India, but with those territories presently occupied by Pakistan, including the predominantly Muslim Vale, becoming an integral part of Pakistan. At the right time and in the right setting, Pakistanis would accept, in all probability, a solution along these lines, which would fit both ethnological and geographical factors.

The Prime Minister has also on more than one occasion expressed his concern lest the case, which *prima facie* looks a just one, and a case which rightly should be solved through the United Nations, be allowed to be lost by default through fears in the West

of antagonizing Nehru. This would have the secondary effect of aggrandizing Nehru's reputation while perpetuating the injustice of Kashmir.

The Embassy hopes that the Department will treat this case on its merits: a dispute in which the inhabitants of Kashmir are primarily concerned, and one where justice demands that their wishes be consulted under conditions where a fair and free expression of the public will can be had. Failing such a solution, the prestige of the United States and of the United Nations is bound to suffer irreparably. Kashmir, like Palestine, will remain a deadly cancer.

A.Z. Gardiner

30. Memorandum for the Files by the Assistant Secretary of State for International Organization Affairs (Wilcox)¹

Washington, July 5, 1956.

In view of the concern expressed in the Department that conversations between Ambassador Lodge and representatives of the Pakistan Government might be interpreted as committing the United States to support Pakistan's position in the Security Council on the Kashmir case, I called Ambassador Lodge and discussed the matter with him at some length.

I reminded the Ambassador of our policy, which is to encourage the settlement of the controversy either inside or outside of the UN, and suggested that in making suggestions to the Pakistanis about procedure that we scrupulously avoid any comments that might lead Pakistan to believe that we would support them in the event the matter does come before the Council. Ambassador Lodge assured me that he would not deviate from our instructions so much as "one inch". I replied that I would prefer that he not deviate even "one-half inch". He pointed out that he had discussed with the Pakistan representative, at the latter's request, certain methods of procedure, but that he did not believe that any suggestions he made could in any way be interpreted as supporting Pakistan on the substance of the issue. He further expressed the view that he often found it useful to discuss matters of tactics with friendly delegations if they

¹ Source: Department of State, Central Files, 690D.91/7-556. Secret.

so desired, even if the U.S. later voted against the position of the state with whom tactics were discussed. In any event, Ambassador Lodge assured me that he would conduct any further discussions on this subject with the utmost discretion. He further expressed his appreciation to me for having called him about the matter.

As a result of my conversation with him, I did not send the proposed telegram which had been drafted for my signature. The idea of discussing this matter over the telephone instead of handling it by telegram had previously been approved by Mr. Rountree.

31. **Letter From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) to the Minister-Counselor of the Embassy in Pakistan (Gardiner)**¹

Washington, July 19, 1956.

DEAR ARTHUR: Thank you for bringing to our attention your despatch No. 920.² It is most timely to have your views on this problem which has been of continuing concern to us, and for which there is, I fear, little prospect of an early settlement, however much we should like to see one.

You express the feeling that "it is wrong for the United States to pussy-foot on this issue".³ If by that you mean that we should vigorously support the Pakistani case before the Security Council, your telegram No. 8⁴ reminds us that they have not yet made up their minds what it is that they expect to ask us to support. We can hardly give them a blank check in advance to support anything they may subsequently decide to come up with.

Your despatch is most useful in summarizing the Pakistani viewpoint. I wish it might have been possible to make a more specific recommendation for action on our part, beyond the hope

¹ Source: Department of State, SOA Files: Lot 66 D 415, Kashmir 1956. Confidential; Official-Informal. Drafted by Witman.

² Document 29.

³ In a letter to Rountree of June 30, Gardiner expressed his hope that Rountree and Allen would read despatch 920, "in which I have poured out my soul about Kashmir. . . . I feel strongly that it is wrong for the United States to pussyfoot on this issue," he wrote, "and hope that our think-piece in 920 will have some influence in Washington." (Department of State, SOA Files: Lot 66 D 415, Kashmir 1956)

⁴ Dated July 3, not printed. (*Ibid.*, Central Files, 690D.91/7-356)

that the Department will "treat this case on its merits"—which we have certainly been trying to do since the dispute arose in 1947.

You do suggest that the Pakistanis would in all probability accept a compromise settlement which would leave predominantly Hindu areas with India, "but with those territories presently occupied by Pakistan, including the predominantly Muslim Vale, becoming an integral part of Pakistan." The "predominantly Muslim Vale" is, of course, presently occupied by India and it is not clear how any group of outside powers could go about persuading India to give up "the heart" of Kashmir.

You may be sure that we appreciate the strong feelings of the Pakistanis on the Kashmir controversy and their tendency to measure the success of their over-all foreign policy by the progress they make on Kashmir. We certainly desire to find a settlement of this running sore in the relations between these two countries. To remove it, however, the "solution" must be one that is mutually and genuinely accepted by both sides; if it is not, we have accomplished nothing, even if a majority of the Security Council could be mustered to accept in toto Pakistan's version of the controversy (which is doubtful), and the Security Council possessed the means of enforcing such a decision in an area occupied by Indian troops (which it does not). In company with the British, we have therefore preferred to follow courses of action which seemed most likely of resulting in *agreement* between the parties. Simple support in the debate for the case of one side or the other would not advance that solution any more than the Soviets advanced it by plunking for India's side last December. And since even all-out support on our part for Pakistan's case could not bring about the desired solution, the Pakistanis would be more frustrated and resentful than ever, while we should have been put in a position of leading a major campaign against India which would be certain to have consequences of the utmost gravity.

I do not understand the statement in your despatch that U.S. interests have not been improved there "as a result of our expressed wishes to postpone presentation of the case to the Security Council, and our unwillingness to advocate positive support for Pakistan's demands for a plebiscite in the Security Council." It was my understanding that the Pakistanis had not themselves been prepared to bring the case to the Security Council until after the Commonwealth Conference, which suited our convenience because of the prospective Nehru visit. In response to their request for *advice* on the matter, Ambassador Lodge has given them the estimate that they would probably do better in January than sooner, but the only position given to the Pakistanis has been that set forth in the last

paragraph of the Department's telegram No. 689 to USUN⁵ (repeated to Karachi 2926). Nor has Pakistan yet formulated her demand to the Security Council.

It is natural that the Pakistanis should bring continuing pressure to bear on us for support in this case when it eventually comes before the Security Council. In the meantime, however, we must retain the greatest possible operating flexibility. We shall try to take a stand that is fair and consistent with our previous declarations on the matter, but we shall not always be able to give them everything they want—and probably they do not expect us to. We can certainly assure them of a sympathetic hearing at any time, and of the desire to be helpful in any way likely to advance a genuine solution. We have already reassured them that we considered the UNCIP Resolutions still valid, which is in effect an action in their favor. It is, incidentally, more than a little ironic to hear responsible officials seemingly supporting Nehru's claim that the Kashmir situation has been altered by the fact of U.S. aid to Pakistan, and by implication placing blame on the U.S. for having impeded the holding of a plebiscite. You do not report your reply to this offensive reasoning, but I assume you gave him a firm answer on that one!

In closing I want to mention that both the British and the Australians have told us of reports they had received from Karachi to the effect that the U.S. Embassy had informed the Pakistani Government on July 4 that we were prepared to support them on Kashmir in the Security Council whenever they wanted to introduce the item. Both the U.K. and the Australian High Commissioners⁶ seemed to have the impression that the U.S. was encouraging Security Council action. The Department and USUN have been careful to emphasize in reply that our position had not changed, and that you had standing instructions to make it clear to the GOP.

⁵ Document 27.

⁶ Major General W.J. Cawthorn, Australian High Commissioner in Pakistan.

Please continue to give us the benefit of your thoughts.⁷
Sincerely,

William M. Rountree⁸

⁷ In a letter to Rountree of August 1, Gardiner emphasized his belief that the merits of the Kashmir case called for a plebiscite. He suggested that "the United Nations might serve a very useful purpose in suggesting through some special observer that the area of Jammu and Kashmir might be separated into various segments, justified ethnologically and topographically, for the purpose of holding more than one plebiscite. . . . I do not see why we should not continue to advocate a solution based on the principle of self-determination," he stated, "whether or not we think Nehru will agree to it." Gardiner cautioned that Pakistan would resent the United States if it abandoned that position which it had originally taken in 1952 and reaffirmed most recently at the SEATO meeting. (Department of State, SOA Files: Lot 66 D 415, Kashmir 1956)

⁸ Printed from a copy which bears this typed signature.

32. Telegram From the Embassy in India to the Department of State¹

New Delhi, August 1, 1956—5 p.m.

271. Embassy wishes comment on Kashmir in general and Deptel 689, June 8 to USUN,² Karachi's despatch 920, June 29,³ Karachi's telegram 12, July 16 to Delhi⁴ and Deptels 148,⁵ 149,⁶ 153⁷ in particular.

¹ Source: Department of State, Central Files, 690D.91/8-156. Secret. Repeated to Karachi, Lahore, Bombay, Calcutta, and Madras.

² Document 27.

³ Document 29.

⁴ In telegram 12, sent to the Department as telegram 153, Gardiner reported that in a recent conversation I.I. Chundrigar, Pakistani Minister for Law, had discussed with him Pakistan's planned tactics for presenting the Kashmir case to the Security Council. Chundrigar indicated that Pakistan would appreciate any suggestions which the United States might make with regard to those tactics. (Department of State, Central Files, 330.153/7-1656)

⁵ In telegram 148, July 18, the Department informed the Embassy that it desired to avoid making "suggestions" with regard to Pakistani tactics in presenting its case to the Security Council. (*Ibid.*, 690D.91/7-1856)

⁶ In telegram 149, July 18, the Department informed the Embassy that the British position on Kashmir had not changed. The United Kingdom continued to believe that a solution to the Kashmir dispute could only be found through "the free expression of the people's will and in some such way as the United Nations originally suggested seven years ago." (*Ibid.*, 690D.91/7-1356)

⁷ Telegram 153 repeated telegram 244 from London, July 13, which set forth the British position regarding the Kashmir dispute. (*Ibid.*)

Basic points we see in situation are: (1) GOP and GOI agreed in SC on "fair" plebiscite under UN auspices and later showed receptivity to alternative procedure of bilateral settlement through mediation Owen Dixon⁸ and others.

(2) Pleading *rebus sic stantibus* (i.e. US military aid to GOP), GOI now clearly opposed on security grounds to any relaxation of grip on Kashmir such as an attempted plebiscite might involve.

(3) UNSC, only UN body which has discussed Kashmir case, refused from outset to consider merits of parties conflicting contentions as well as solution by other than Chapter 6 means. Attitude of GOP has always been one of confidence that Kashmiris would freely opt for accession to Pakistan. Attitude of GOI has always appeared to be that plebiscite or any other solution is acceptable so long as conditions ensure *vale* remaining in GOI possession. Practically everyone but Bulganin, Khrushchev and Menderes⁹ has refrained from taking sides.

(4) GOI posture on Kashmir case may be summed up roughly as follows: Initial tribal aggression from Pakistan occurred against Jammu-Kashmir in 1947 and GOI will at next UN airing have to "insist" on UN finding to that effect; communal violence affecting forty-odd million Moslems in India and number non-Moslems in Pakistan and Kashmiris always latent and might well burst out if stimulated by events connected with Kashmir; Pakistan's increased military strength would now make GOP "intransigent" toward any reasonable compromise ("reasonable" meaning award of *vale* to GOI); GOI has poured capital into Kashmir and must safeguard investment; Pakistan has not carried out her obligation under UN resolution to remove troops from Azad Kashmir; Kashmir has already and legally acceded to India; and as matter national prestige GOI must be stiff on Kashmir issue, especially in election year.

(5) This Embassy aware of depth of Pakistan feeling on Kashmir irredenta and Pakistan frustration at inability over 7 years to obtain plebiscite. But we are unable in light of paragraphs number 2-4 above to see that anything constructive will be achieved by another debate now on subject, which is more than usually unpromising of concrete results and likely to produce acrimony. Highly unlikely GOI would make any concessions during forthcoming general election campaign and likely it would feel impelled to take strong nationalistic line. UN prestige would further suffer by failure resolve problem. US would probably bear brunt of Pakistanis' further frustration, particularly if GOP should expect US to support, not merely UN resolution on plebiscite, but general GOP thesis as well.

⁸ Former U.N. Representative for India and Pakistan.

⁹ Adnan Menderes, Turkish Prime Minister.

(6) Under present circumstances Embassy believes most feasible position for US is general one outlined by Secretary in Deptel 689 June 8 to USUN. In Delhi it appears that in long run any workable solution Kashmir issue must come through agreement between India and Pakistan and entail GOI not relinquishing what it now holds. If GOP can find way to live politically with this disappointment (we do not know that it can) it may obtain thereby highly beneficial GOI concessions in return. Fact that currently series conferences being held in Karachi and New Delhi between officials two governments to work out several problems, including financial matters and use of waters, gives some hope that eventually two countries may be able reach agreement even on Kashmir. In such event basic US interests would be served without US having take position merits, which we have so far avoided. Nehru is still receptive to making "deal" on basis cease-fire line proposal. A deal on Kashmir and other Indo-Pakistan issues would make good ammunition for Congress Party for upcoming elections. Among the bargaining counters which could be developed to benefit of both sides are: guarantee to Pakistan for uninterrupted and adequate water supplies originating in India and Kashmir; India undertaking along lines already developed to assist Pakistan in financing development of "belt canals"; and formula for insulating border areas in Kashmir between armed forces of India and Pakistan with provisions for progressive reduction of troops.

(7) Embassy realizes that US must support holding another UN discussion of Kashmir if proposed by Pakistan or any other member. But in view negative prospects, we would hope it could be done with as little fanfare as possible. Although existing UN resolutions on subject should in our opinion be reaffirmed, as representing gain obtained by UN on behalf peaceful settlement such disputes, door should of course be left open for continued bilateral negotiations without giving impression we are retreating from UN position.

To sum up: no pressure we can see short of war will force GOI relinquish vale; GOP may have its periodical UN discussions to satisfy internal political stresses; GOP might by concession of vale to India obtain important advantages from GOI concessions on other problems of great importance to GOP; GOP is only source competent to judge whether it can justify such deal to Pakistan public. In long run perhaps circumstances will wear down resistance both India and Pakistan to point where they will agree directly. In meanwhile we hope US will be able avoid becoming more involved in issue which can only earn us further criticism from all sides.

Bartlett

33. Memorandum of a Conversation, Department of State,
Washington, November 27, 1956¹

SUBJECT

Views of the Pakistan Foreign Minister on India

PARTICIPANTS

The Acting Secretary
Malik Firoz Khan Noon, Pakistan Foreign Minister
NEA—William M. Rountree
Mohammed Ali, Pakistan Ambassador
Agha Shahi, Counselor of Pakistan Embassy
SOA—Garrett H. Soulen

The Foreign Minister expressed concern over the sale of 60 Canberra bombers and 300 Centurion tanks to India and stated he had discussed this with Prime Minister Eden who tried to reassure him by saying that deliveries of these items would be spread over a period of years.

Mr. Hoover replied it was his understanding that one factor in the decision of Britain to sell this type of military equipment to India had been the definite probability that India would have obtained them from the USSR if they were not made available from free-world sources. Mr. Noon remarked that American aid to India saved India's foreign exchange which in turn was used to buy arms from the UK or USSR and that in case of war Pakistan would stand four-square with the US and that India on the other hand will "attack Pakistan and there go your friends." Mr. Hoover replied that for many years the US has been friends with both India and Pakistan, that war between India and Pakistan would be most unfortunate and that US policy with respect to both countries was designed to facilitate better relations between the two.

The Foreign Minister referred to Pakistan's difficulties with India over Kashmir and the Canal Waters dispute and expressed the hope that President Eisenhower would be able to discuss these matters with Nehru during the latter's visit to the United States.

At that point Ambassador Ali expressed his Government's concern that Mr. Nehru while in the US would endeavor to undermine US military aid to Pakistan by offering to reduce India's military expenditures if the US curtailed military aid to Pakistan. Mr. Noon urged that the US reply to Mr. Nehru with the suggestion that he permit a UN plebiscite in Kashmir and settle the Canal Waters

¹ Source: Department of State, NEA Files: Lot 58 D 545, Pakistan. Secret. Drafted on November 30 by Soulen.

dispute after which "the US can guarantee that Pakistan will conclude a permanent peace treaty with you."

Mr. Rountree in replying to the Foreign Minister's earlier reference to US aid to India and neutralist countries: (a) Cited our extensive aid to countries with whom we have special ties such as Turkey, Greece, Iran and Pakistan; (b) added that there was a great deal of misunderstanding on the scope of our aid to committed vs. non-committed countries; (c) stated that our aid programs for Pakistan were larger than for India.

A separate memorandum of conversation covering the Foreign Minister's remarks on the Baghdad Pact and the Suez Situation has been prepared.

34. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, December 7, 1956—2 p.m.

1600. MAAG/PAK 9-197 November 19 to CINCEUR,² information DEF/ISA reported November 14 conversation with PM Suhrawardy³ wherein latter stated that since India would have 65 Canberra 8 bombers by 1958, it mandatory Pakistanis have 4 such planes by 1958 for training purposes. PM also said if Pakistanis had any light bombers Nehru would think long time before attacking Pakistan as latter could bomb Delhi in retaliation. CINCEURs EC 96435 November 26 to Sec Def⁴ pointed out advance provision light bombers for training consistent with current US force goals but because Pakistan motives vis-à-vis India country team position be established.

¹ Source: Department of State, Central Files, 790D.5-MSP/12-756. Passed to Defense; also sent to Paris for Wallner and the European Command.

² In this telegram, Major General Louis Truman emphasized that for the foreseeable future the maintenance and modernization of Pakistan's existing forces would be dependent upon U.S. military aid. Accordingly, he recommended that no promises or commitments involving future performance or future expenditures of U.S. funds for foreign assistance should be made or implied unless they could be adhered to. (Department of Defense Files)

³ Huseyn Shaheed Suhrawardy became Prime Minister of Pakistan on September 12, 1956.

⁴ In this telegram, Truman reported on a conversation with Suhrawardy on November 14. (Department of Defense Files)

Country team position: light bomber squadron is part of US commitment to Pakistan, and country team considers speculation as to Pakistan attitudes toward India irrelevant in determining timing of this element or other elements MDAP.

US committed itself to Pakistan military program with awareness of Pakistan feelings toward India and in turn Indian reactions and sentiments. Pakistan attitude and feeling toward India has been constant past several years and likely to continue in same vein foreseeable future. Though GOP will wish remain strong during this period vis-à-vis India, leaders have asserted their intention never aggress against India, and nothing new in PM's statement re usefulness bombers to Pakistanis as deterrent aggression GOI. Pakistanis have shown in past and will likewise show in foreseeable future desire and courage to stand up and be counted with West against Communist aggression. Note its recent leadership among BP nations at meetings in Tehran and Baghdad.

Country team believes should provide Pakistan with few light bombers for training purposes sooner than recently planned (but not sooner than contemplated in aide-mémoire of 21 October 1954 setting forth military aid commitment).⁵

Accordingly country team considers that preparatory training program should be initiated in effort to accommodate Pakistan.

Timing of delivery of few light bombers for training purposes should be contingent upon time required to train necessary operational and maintenance personnel, delivery of maintenance tools, test equipment, and specialized support equipment peculiar to light bombers, availability of acceptable US light bombers and finally immediate funding action to accomplish the above.

Hildreth

⁵ See *Foreign Relations, 1952-1954*, vol. xi, Part 2, p. 1869.

35. Memorandum of a Conversation, Department of State,
Washington, December 19, 1956¹

SUBJECT

Anti-Indian Propaganda in Pakistan

PARTICIPANTS

The Secretary
Assistant Secretary Rountree, NEA
Ambassador Ellsworth Bunker
Charles D. Withers, SOA
Prime Minister Nehru of India²
Ambassador G.L. Mehta of India
N.R. Pillai, Secretary General, Indian Ministry of External Affairs

The Prime Minister said he had mentioned to the President his concern over the recent spate of anti-Indian propaganda in Pakistan. The newspapers in Pakistan are full of inflammatory material including calls for a jehad (holy war) against India. In response to the Secretary's question Mr. Nehru said that this propaganda was not limited to the press but had also come from some of Pakistan's high officials. He was worried over the situation because of Pakistan's internal political instability and the possibility that, to divert attention from the domestic political and economic situation, Pakistan might undertake some foolish adventure. The Secretary said that Mr. Nehru's remarks were comparable to his estimate that the Soviet Union might undertake some reckless foreign adventure as a result of its internal troubles.

The Secretary asked if it were true that the economic situation in East Pakistan was particularly bad and the Prime Minister said he believed so. He said India's great worry in that area was the refugee problem. Some 4 million refugees have crossed into West Bengal from East Bengal in the past few years. Even today 25 to 30 thousand refugees come into West Bengal each month. The principal difficulty was India's inability to resettle these refugees in parts of India other than Bengal. Due to their language and for other reasons these refugees when sent to places provided for them would invariably return to Bengal.

The Prime Minister said that there were some Muslims among the refugees but that most of them were Hindu. He attributed the exodus to lack of confidence and economic problems. He said he would not say that the Government of Pakistan was behind the

¹ Source: Department of State, PPS Files: Lot 66 D 487, India. Secret. Drafted by Withers.

² Prime Minister Nehru was in Washington for a 5-day official visit, December 16-20.

exodus but he believed that petty officials were saying things about the position of the minority that destroyed the Hindus' confidence. He remarked that the Government of India has recently discovered that about 90 percent of the migration certificates required of the refugees had been forged.

The Secretary recalled his press conference in New Delhi last Spring in which he said that the United States would be on the side of India in case of aggression by Pakistan. That position is still held. He added that his statement had not been received with universal satisfaction. The U.S. was trying to live by principle. This always led to unpopularity in a nation or an individual. Another person or country wants you to be on its side, as a matter of sentimental attachment, whatever it does. In this connection the Secretary referred to a passage in George Washington's farewell address. The Prime Minister agreed and remarked that this was a human failing. The Secretary said that we have emphasized in the past and will continue to stress to the Pakistanis that the arms we are furnishing them are under our agreements to be used only for defense.

36. Editorial Note

On December 19, Prime Minister Nehru met with President Eisenhower in Washington and discussed the Kashmir dispute. Immediately following their talk, the President telephoned Secretary Dulles. The following portion of the memorandum of that telephone conversation by Phyllis D. Bernau, Dulles' secretary, summarizes the discussion relating to Kashmir:

"He [Nehru] said the Pakistan newspapers have one slogan—fight India. The Pres. said if any nation to whom we give arms uses them aggressively we would oppose them—not go to war but exert other pressures. N. said he knows it but they have only one cry. Our newspapers are filled with the five-year plan and they have come to accept the existence of Pakistan and difficulties and they have four problems which he described and they think they can be solved. He asked us to get them to stop the propaganda and threats. The Pres. said we are against it but don't know how we do it. Nehru said the papers frighten the people. The Pres. said something (I'm not sure of) re maybe their purposes are pure but do the people believe what you say." (Memorandum of telephone conversation, December 19; Eisenhower Library, Dulles Papers, White House Telephone Conversations)

37. Telegram From the Embassy in India to the Department of State¹*New Delhi, December 24, 1956—4 p.m.*

1769. Re Deptel 1611² on Kashmir. Embassy appreciates validity points presented reference telegram and strength arguments in Karachi telegrams 95 and 96.³ Our estimate over-all situation remains essentially same as in our telegram 271 to Department⁴ (repeated Karachi 14, August 1, 1956). But situation has obviously taken on new aspect and new urgency as result recent Egyptian and Hungarian crises in which UN action taken. We agree that further Security Council consideration Kashmir cannot be avoided and that mutually acceptable solution on basis UN principles should be sought.

. . . Embassy has following comments for consideration in evolving US position.

1. GOI will certainly demand that UN name Pakistan as original aggressor in Kashmir and will use other arguments outlined paragraphs 2 to 4 Embassy telegram 271. . . . Indians would be put on spot, however, and their position unmasked if UN recognized initial Pakistan aggression and coupled it with demand for solution based on previous UN resolutions calling for withdrawal of forces and plebiscite. Then Indian failure abide by provisions UN resolutions applicable to them could also be condemned.

2. If it is not possible for US and UN to indicate Pakistanis guilty of aggression (and Embassy not in position judge), believe Indians will adamantly maintain their present position. Of course, we recognize that finding of GOP aggression would not necessarily cause GOI to accede to UN resolutions. But establishment of a major Indian contention might make them willing to negotiate a settlement.

3. Pakistan insistence on UN force for Kashmir would raise very serious problems of composition and authority. Would any countries be willing contribute? Would it be in US interest to see Yugoslav or perhaps Egyptian troops (if UN force were acceptable to India, which is doubtful) in such UN contingent?

4. . . . problem of nature of eventual settlement remains. Karachi suggests it might lead to face-saving compromise re plebiscites in different regions which would result in partition along more satisfactory line than present armistice line. If such stage reached perhaps it

¹ Source: Department of State, Central Files, 690D.91/12-2456. Secret; Priority. Repeated to Karachi, Lahore, Bombay, Calcutta, and Madras.

² Dated December 19, not printed. (*Ibid.*, 690D.91/12-1956)

³ These telegrams, both December 21, cautioned that the Department should not pursue a policy toward the Kashmir question in the United Nations which would appear to Pakistani officials as a retreat from previously stated U.S. support for a plebiscite. (*Ibid.*, 690D.91/12-1256)

⁴ Document 32.

could be part of package deal (as discussed Embassy telegram 271) which would assure Pakistan adequate water supply.

5. . . . Any US position which India might interpret as tending to favor Pakistan re Kashmir would invite wave of criticism in India. Current atmosphere of friendly US-Indian relations resulting from Nehru's visit to US could be dissipated quickly. While GOI may need US economic assistance and help on various matters more now than previously, it is highly unlikely that it would modify its position on Kashmir and Pakistan in period before general elections in March.

Bartlett

38. Telegram From the United States Mission at the United Nations to the Department of State¹

New York, December 31, 1956—6 p.m.

Delga 413. Re Kashmir (Deptel 450).²

1. Basic policy: (a) In light general background Kashmir problem, Indian refusal over long period of time to reach agreement on practical measures to bring about plebiscite, SC decisions reached with US leadership, and Pakistani participation SEATO and Baghdad Pacts, I believe we must give Pakistanis sufficient public support their position to make them feel we are not letting them down because of importance Indian world position. Pakistan has strong case which will appeal to sense of justice many delegations here.

(b) We should, of course, present our case and position in SC in moderate and statesmanlike manner so as to minimize negative reactions in India (New Delhi 1769),³ but we should recognize that we cannot please both sides on this question and should be prepared to take such Indian reaction as is inevitable. USSR will undoubtedly do what India wants in SC.

(c) Minimum results which might provide Pakistan with sufficient public backing would seem to be along lines UK suggestions (London 3450⁴ and Deptel 450) and paragraph c, Deptel 689, June 8.⁵

¹ Source: Department of State, Central Files, 690D.91/12-3156. Secret.

² Not printed. (*Ibid.*, 690D.91/12-1956)

³ *Supra.*

⁴ Not printed. (Department of State, Central Files, 690D.91/12-2156)

⁵ Document 27.

(d) At same time we should maintain attitude which privately encourages any mutually agreeable solution to problem, best prospects seeming to lie at present in some kind of partition and plebiscite combination.

2. Resolution: (a) Considering far-reaching nature of requests Pakistan will put before SC (Karachi 1731)⁶ we may have to make references to previous SC resolutions on plebiscite and constituent assembly more explicit than we had previously thought, i.e., to repeat some of their language, in order to give Pakistan backing it deserves.

(b) Department should also give immediate consideration to whom SC should send to subcontinent. We do not think it should be Hammarskjöld, and Pakistanis have not been happy with idea of Graham again.

(c) Possibility some other solution than plebiscite should not be mentioned in res, as this would undermine Pakistan position. It should be left implicit in despatch of new representative to area.

(d) We should not accept any references to original responsibility. Although Pakistan is not completely clean on Kashmir question, responsibility for its origin is cloudy. While I appreciate reasons for thinking presented in New Delhi 1769, acceptance thesis original Pakistani aggression would unfairly reverse situation in UN in favor India.

3. Discussion: (a) I agree that discussion events 1947 should be avoided, if possible, on basis subsequent agreement on principle of plebiscite. This is unlikely, however, as Indians will undoubtedly rest large part their case on "aggression". As SC has never accepted "aggression" argument of India and as factual situation surrounding period was quite complex it should be possible to make satisfactory reply which will not simply brush off Indian case.

(b) It also seems likely second important line Indian argument will be that situation has changed sufficiently since agreement on plebiscite to nullify it, laying heavy emphasis on Pakistan's participation in military pacts and on US aid. We should be fully prepared to meet this contention.

(c) What we should say on pending action of India on Kashmir constitution also needs close scrutiny. Indian del will no doubt maintain previous contentions that accession of Kashmir to India in 1947 was definitive and that any action by India re Kashmir is domestic question. If this constitution goes into effect with approval

⁶ In telegram 1731, December 20, Ambassador Hildreth conveyed to the Department the substance of an aide-mémoire given to him that morning by the Pakistani Foreign Minister setting forth Pakistan's position for the upcoming U.N. Security Council consideration of the Kashmir dispute. (Department of State, Central Files, 690D.91/12-2056)

of India subsequent efforts to achieve some agreed solution will be much more difficult. We will therefore probably have to delineate firm US attitude in debate if not in res.

(d) Pakistani suggestions for UN force, induction of plebiscite administrator and obligations of parties re plebiscite might be handled, together with other possibilities for mutually agreed solution, as issues better left until after visit new UN rep to area.

4. Other developments: (a) Earlier this year Pakistan was thinking of moving case through SC to veto and then transferring it to GA. This may still be in their minds, although acceptance despatch UN official to area would preclude this. Lall⁷ (India) has also expressed to mission concern that Pakistan intends transfer case to GA. He expressed hope big powers would not support this and seemed to think any such transfer would be under Uniting for Peace Res. We do not know whether India is fearful of GA debate nor whether it is reluctant to be protected in SC by Soviet veto, but if either is case India might be persuaded to accept or not strongly object to some such res as we have in mind.

(b) Lall is also reported to have told some persons here in July that foreign observers would be invited to be present at elections for Kashmir constituent assembly next spring to see their democratic nature. We have seen no further confirmation of this but, if true, this might be further tack Indian Del will take in SC.

(c) Graham has never presented his fifth report to SC. Should he be invited to do so? If so, would we want him to bring it up to date or not?

5. Department's instructions would be appreciated as soon as possible so that we can work out details of res and tactics with UK Del soonest.

Lodge

⁷ Arthur Lall, Indian Permanent Representative to the United Nations.

39. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, January 2, 1957—8 p.m.*

1818. Summoned January 2 to 50-minute meeting with Prime Minister, Foreign Minister and Prime Minister's political secretary Aftab Ahmed, who will accompany Noon to UN on Kashmir issue. It was devoted almost entirely to Kashmir issue with considerable discussion and even disagreement among Pakistani participants in reviewing past and outlining future.

Heart of matter can be summarized as follows:

1. GOP will ask SC to take over Kashmir dispute replacing Pakistani and Indian troops with UN troops and request UN to settle issue by already agreed plebiscite.

2. If UN will not go that far, which they clearly suspect it will not, then wish UN to proceed with implementing the plebiscite previously approved by UN. GOP is distressed to learn (*Comment:* Certainly from sources other than Embassy) that US is thinking of supporting mere fact-finding mission. GOP and people of Pakistan would be outraged by such a proposal and would consider US support of such proposal as an outright betrayal of GOP. Clearly implied that whether justified or not any such retrogression in US support of plebiscite would be viewed by GOP and public as result of Nehru's visit. Anything less than staunch reaffirmation of support of plebiscite would be shattering to Pakistani-US relations. If support of plebiscite reaffirmed and made clear that any group coming to Kashmir was to recommend steps for implementing plebiscite this would be acceptable though Pakistani preference set forth in (1) above. If US support not consistent with this paragraph, Prime Minister "would not dare show his face". Prime Minister said public would say "you have put all your faith in USG and now they are going back on their support." I felt Prime Minister implied this would affect whole foreign policy of GOP.

Prime Minister and Foreign Minister asked me to transmit above to Department and obviously would welcome assurances that US position remains as set forth SEATO Council March 1956.

Embassy comment: Embassy believes Prime Minister has set forth with considerable accuracy GOP and public reaction to be expected from a fact-finding mission, without instructions to recommend action to settle matter, which would be construed as a stall. Suhrawardy has gone very far in his pro-west policies and has most recently taken US line in his dealings with Chou En-lai. Suhrawardy not exaggerating GOP prospective difficulties, which government will probably magnify if disappointed in UN action. US attitude on

¹ Source: Department of State, Central Files, 690D.91/1-257. Confidential; Priority. Repeated to London, New Delhi, Dacca, and Lahore; passed to USUN.

Kashmir will be a test of US support of the "committed nations", just as UN effectiveness Kashmir will be an acid test of UN in eyes of entire world.

Hildreth

40. Telegram From the United States Mission at the United Nations to the Department of State¹

New York, January 10, 1957—5 p.m.

Delga 467. Re Kashmir.

I. Khan Noon visit. Khan Noon (Pakistan) called on me yesterday afternoon to discuss Pakistani case on Kashmir. He reviewed Pakistani position on historical origins of situation, laying entire blame on India and UK, especially Mountbatten. The most important substantive points he made are reported below:

Suhrawardy and himself had fully committed themselves to Free World and would stand or fall on basis this firm Pakistani alignment. Khan Noon said he would resign if US did not give Pakistan firm support on Kashmir issue. He said he had not told this to anyone else. He pointed out that UN had had responsibility for seeking some solution for Kashmir problem for 9 years and that Pakistan had been put off during this entire period of time without any definitive action. There could be no peace between India and Pakistan, and hence none in southern Asia until Kashmir situation settled. Pakistani population was very much excited over problem and this was last chance for positive action by SC. Nominal action would not suffice. He could not predict what might happen with Pakistani population if UN again failed them. He said reaction would not necessarily be against US because Pakistanis would continue to be grateful for US aid and support, but it might mean a move toward a non-alignment and better relations with Communist China and the USSR and also to sentiment for the use of force in connection with Kashmir.

There was considerable leftist sentiment in Pakistan against firm policy of Pakistani leaders in alignment with West. There were many who thought that those who were uncommitted were likely to be better treated than those who were committed. Failure of UN to

¹ Source: Department of State, Central Files, 690D.91/1-1057. Secret.

take positive action, which possible only with vigorous US leadership, would undoubtedly result in strengthening leftist tendencies in Pakistan.

On resolution Khan Noon said Pakistan wanted two actions—an order from SC to India not to implement new constitutional provisions for Kashmir, and the establishment of a UN force to take over responsibilities for military security in Kashmir replacing Pakistani and Indian forces. Mir Khan added that they also wanted plebiscite administrator inducted into office. Khan Noon said this would flow from previous points. Khan Noon felt that troops would be available for UN force from ME states such as Iran, Iraq, and Jordan, and that forces from such states should be acceptable politically to India as well as to Pakistan. If India unwilling to allow UN forces into its part of occupied Kashmir, Pakistanis would still be prepared to admit forces on their side of line as replacement for Pakistani troops. We suggested that before going on with idea they check with other UN members on their willingness to provide troops for such forces. Khan Noon thought it would only take three or four thousand troops. He said he had talked to Eden and Lloyd while in London, and they were interested in his proposals on UN forces.

Khan Noon displayed touchy and bellicose attitude throughout conversation. He referred to possibility of Kashmir settlement by force, to superiority of Moslems over Hindus as fighting people, and to Hindu haste in making compromises and concessions when they felt pressure was sufficiently determined. He said that if UN were determined on sending police force to Kashmir, as it had been to Near East, Indians would fold up quickly. If Indians would not accept UN forces, he said, give us a few hundred UN troops and together we will push Indians out. These comments reported as reflection of belligerency of his attitude rather than an indication of intent, as he stressed Pakistan did not have power not [*sic*] to fight India and had no territorial or aggressive ambitions.

He was also clearly laying major responsibility on UN and specifically US to support them because of their political and military alignment with US.

Khan Noon also mentioned visit Chou En-lai to Pakistan several times in the course of the conversation.² He said Suhrawardy and he had emphasized to Chou En-lai that Pakistan had made its choice to stand with West but that they hoped Communist China would move toward more friendly relations with them and US. He said they had raised question of ten US prisoners with Chou En-lai who had given angry reaction that he was always expected to make first move. Chou En-lai had been very much interested when told of

² Chou En-lai visited Pakistan December 20-22.

extent US economic aid to Pakistan and had asked for and been given Pakistani white paper on this point. He also said he had discussed Kashmir with Chou En-lai and seemed to think that Chou En-lai intended to discuss it with Nehru in terms of having Nehru taking more conciliatory attitude.

II. Previous indications Pakistani attitude.

Mir Khan (Pakistan) before arrival Khan Noon told Barco³ Pakistan would express willingness in SC to have UN force take over responsibility of policing only Pakistani held areas, even if Indians unwilling to agree UN force on its side of line. He thought this would be difficult position Indians to meet. He did not seem to expect SC to take any action along this line and was still thinking in terms visit by SYG to areas to implement plebiscite.

III. Indian attitudes.

Lall (India) has spoken to Barco at some length about Indian attitude on Kashmir case in SC and indicated Indian desire for further consultations. Main points made by Lall were:

1. With improvement US-Indian relations as result Nehru visit he hoped US might be useful mediator on Kashmir dispute.
2. Settlement Kashmir question might be found by (a) acceptance present cease-fire lines as boundaries with border adjustments to meet special problems, and (b) reasonable agreement on water resource utilization between India and Pakistan. Lall laid considerable stress on latter point. Lall noted India had agreed to IBRD proposals for water agreement,⁴ and he thought personally that India might even be willing to give Pakistan somewhat more favorable commitments on water than IBRD suggestions as part general settlement. Lall characterized river problem as more one of India-Pakistan relations than of Kashmir and went into some detail to show India could not adversely affect Pakistan water rights because of its control of Kashmir even if it wanted to.
3. On plebiscite Lall maintained only way Pakistan could win would be on religious issue and this would fan religious tensions among Moslems in India and could produce another round communal riots. He also said important security considerations arose about Ladakh which had indicated it would never agree to go to Pakistan as result general plebiscite and would secede to Tibet and to Communist China. This might result in other Buddhist areas in northern India wanting to secede, and would move Communist China strategically into South Asia. Lall said test of real feelings of Kashmiri people would come with election of assembly in summer, which would be democratic and which could be freely observed. He said people would have electoral choice which would include pro-Pakistani parties.

³ James W. Barco, Counselor, U.S. Delegation at the United Nations.

⁴ Reference is to proposals made by the International Bank for Reconstruction and Development for solving the Indus River canal waters dispute between India and Pakistan. Extensive documentation on this subject is in Department of State, Central File 690D.91322.

4. He hoped SC resolution might be limited to calling for negotiations between parties concerned. When Barco observed it had been difficult in such cases as Palestine to avoid reiteration previous resolutions and inquired about Indian attitude on that, Lall said he thought it would be better not to do this but did not react strongly. Lall also indicated that India would probably want few days for preparation after presentation Pakistani case. Rajan⁵ subsequently indicated same thing to Pedersen,⁶ suggesting Menon would make short reply on 16th and ask for adjournment until 21st or 22nd, with probability second round between Pakistan and India before SC members speak and total consideration over two or three weeks. (Indians may hope push decision past January 26th date.)

IV. Romulo (Philippines) has asked that we keep him informed of our plans. We said we would. Menon has already been talking to him, but we have been given no indication about what he said.

Lodge

⁵ Balachandra Rajan, Indian Alternate Representative on the U.N. Peace Observation Commission.

⁶ Richard A. Pedersen, Adviser on Political and Security Affairs, USUN.

41. Telegram From the United States Mission at the United Nations to the Department of State¹

New York, January 11, 1957—10 p.m.

536. Re Kashmir. Menon (India) called on me yesterday to discuss several questions, including Kashmir. Other subjects reported in separate telegrams.

Menon thought best action for SC to take on Kashmir would be no action. He hoped there would be only general round of discussions presenting views on various sides and that no member SC would present resolution. He said India could not accept any resolution SC might adopt and thought that less question was stirred up the better. He said Kashmir was not coming before SC as result anything India had done but probably stemmed from necessity weak Pakistani Govt to seek external emotional issue to bolster its position. Menon said India had thought of introducing second item into SC focusing on Pakistan aggression but had decided this would be

¹ Source: Department of State, Central Files, 690D.91/1-1157. Secret.

too tendentious. He would of course make aggression case in his speech.

Menon said India was not prepared to give up any of its legal position on Kashmir. Entire state had acceded formally to India in proper form provided for at time partition by agreement between UK, India and Pakistan. Indian constitution, like US, had no provision for secession and there was no possibility India allowing this to happen.

If Kashmir were allowed to secede this might disrupt unity of Indian state inasmuch as over 500 other states and principalities had acceded to India in same fashion as Kashmir. India's legal position pertained to entire state and meant that Pakistan should withdraw from areas they illegally control as result aggression. However, India had no military intentions re areas they did not control. On other hand, if Pakistanis by some miscalculation attacked Indian-held areas of Kashmir, India would have to defend itself and would then feel released from its undertaking not to attempt to take Pakistan-held areas by force. Lall (India) added that in such circumstances India might have to go through Punjab as this was natural military approach to Kashmir. Menon said best indication of lack Indian military intentions was fact it had done nothing about East Bengal and Goa. He said East Bengal would fall to India if India blew hard and Goa could be taken by six policemen.

Menon said Indian position was based on two fundamental points—its legal position on Kashmir accession and problem military security. He said he obviously could not make public argument on various security aspects related to Kashmir. India was concerned about stability of Pakistan Govt. There was much leftist tendency in Pakistan and Moslems were very susceptible to Communist doctrines. Pakistan had conservative leftist govt now, but it was questionable how long it would last. Next year govt might be leftist and following year Communist. This would cause great concern in India and India had to take special precautions for its security. He reiterated arguments on possibility of Ladakh going to Tibet (see Delga 467)² and similar argument about Baluchistan. He said Moslems in Baluchistan were more similar to Moslems of USSR than those of Pakistan and said that British had never been able to govern northwest provinces adequately and neither would Pakistanis.

On plebiscite Menon said that if India were ever foolish enough to agree it would produce communal riots in India and upset Indian efforts to be secular state. He also stressed great economic progress made in Kashmir, number of visitors there every year, and extent to which it has been economically integrated into India.

² *Supra*.

He also referred to fact that military aid to Pakistan had changed balance between India and Pakistan which had been at 5-2 ratio at partition. This altered security position had to be taken into consideration by India. He said he did not mean US had intended to arm Pakistan against India, but that Pakistan had accepted US military aid in order strengthen itself against India. He said Indian position would be clear on this in debate. He mentioned fact that center Pakistan power was closer to Kashmir than was that of India and that buildup Pakistan Air Force with American help augmented Pakistan's strategic position. He also referred to airport in Gilgit which he or Lall said was used by American planes on way to Asia.

Menon also said India was not anxious to rely on Soviet veto in SC for protection. With internal elections coming in India shortly, Communist Party would utilize such veto as electioneering weapon to persuade voters of strength Soviet support of India. Congress Party would not like to see this happen. Neither were they anxious to have such result in view their international position. However, it would be difficult for them to reject support on issue on which they thought they were right.

We made no attempt to delineate fully US policy as expressed Deptel 492.³ We referred to question existing resolutions. Pointing out that on Palestine, UN had always found it necessary to reiterate previous resolutions. We asked if Menon had given any thought to procedure which might open up new approaches on Kashmir such as another UNRep to visit area. Menon said he worked under strict instructions on this question and would report this possibility to Delhi. We pointed out last position of UN was that parties should negotiate bilaterally. With respect to someone coming to area, he

³ In telegram 492, January 7, the Department of State outlined its strategy for the upcoming Security Council meeting on Kashmir. The United States, the United Kingdom, and other interested nations would sponsor a draft resolution which would: (1) recall previous Security Council and UNCIP resolutions; (2) note the position of the parties and Graham's reports; (3) reaffirm the plebiscite principle; (4) decide, in view of the lapse of time since the previous Kashmir debate in the Security Council and the continued conflicting views of the two parties, to request the Representative of Sweden and President of the Security Council, Gunnar V. Jarring, to submit a report to the Council as soon as possible regarding steps which the Council might usefully take in resolving the dispute, bearing in mind previous resolutions and the positions set forth by the parties; (5) authorize him to visit the subcontinent to undertake such discussions and surveys as he might believe useful in the preparation of such a report; and (6) request Graham and the Secretary-General to render such assistance as Jarring might request. This proposed course, the Department believed, was the most constructive action the Security Council could take while minimizing the chance of a Soviet veto. The Department was prepared to make clear either through a consensus procedure or, if feasible, by resolution that the projected Indian incorporation of Kashmir on January 26, in the absence of the Council's concurrence or agreement between Pakistan and India, was inconsistent with the Security Council resolution of March 30, 1951. (Department of State, Central Files, 690D.91/12-3156)

commented India had never accepted resolution on UN Commission but, as loyal UN member, it had not refused to talk to Commission members when they asked to come to India. If UN now asked some American, for example, to go to subcontinent, India might say they would be glad receive him in some other capacity. I said I thought it unlikely they would see another American coming out on this question. Menon said they could hardly accept someone like a Latin American. As there was no telling what an LA might come up with. I said we were not really thinking about Latin Americans. (Today Lall inquired whether we could advise UNRep as to kind of report he might make. We replied we certainly could not. But if India felt its case was as good as they said, they would undoubtedly have no fear of reports he might make.)

Menon ended conversation with remark he understood general consensus Nehru-Eisenhower conversation was that Kashmir question should not be stirred up and he therefore hoped idea of no resolution in SC might be amenable to US. Lall made same point again today.

Would appreciate any available information on discussion President and Nehru may have had on this question.⁴

Lodge

⁴ In telegram 1938 from New Delhi, January 12, Bartlett reported that in a recent conversation Pillai had informed him again that he was apprehensive regarding the effect which Security Council action on Kashmir might have on U.S.-Indian relations. Bartlett called the Department's attention to the Embassy's analysis of the Kashmir question contained in Document 32. "In addition," the Chargé pointed out, "we must bear in mind that Nehru's frame of mind over development and positions re Kashmir case will inevitably condition his reaction (so far held in abeyance) to US proposal for Middle East" i.e., the economic and military aid program requested in the President's Special Message to Congress on January 5, 1957, known as the American Doctrine for the Middle East, or Eisenhower Doctrine. Bartlett explained that the Embassy was not sympathetic to the proposed incorporation of Kashmir into India, but noted that in the context of present world conditions, especially in west Asia, "US must obviously very carefully weigh pros and cons of alienating Nehru and GOI, wherefore our interest in face-saving and tension-easing package deal." (Department of State, Central Files, 690D.91/1-1257)

42. Telegram From the Embassy in Pakistan to the Department of State ¹

Karachi, January 16, 1957—7 p.m.

1924. Summoned to Prime Minister's this noon following Cabinet meeting. . . .

.

Prime Minister . . . referred to report Nehru had said Pakistan was not really serious about Kashmir and Prime Minister wanted me and USG to understand Pakistan was serious about it and would keep at it for one, five, ten or fifty years until just solution had been reached. He then calmly but deliberately said this was time when Pakistan was going find out who were its friends and who were merely giving lip service. He then became the lawyer and elaborated making following points:

1. There is no room for negotiations on the principle of free plebiscite under auspices UN and were three minimum points that must be made by UN ² at this time:

- (a) reaffirmation support of free plebiscite under UN;
- (b) rejection Indian contention that Kashmir situation changed by military aid to Pakistan or by Baghdad Pact; and
- (c) reaffirmation of resolutions in such manner as to leave no doubt that UN record would brand Indian attempt annex Kashmir on January 26 as illegal.

2. With the above points as a minimum then there might be room for negotiations on many points.

He then launched into a calm but very serious appraisal of effect of failure of USG to support just position of GOP. It was touched at times with anger and sometimes despondency but the net effect was that the lack of support would have grave effect on GOP and people of Pakistan as far as bonafides of USG and its assertion that it will give a fair deal. It will create grave tensions and hopelessness in minds of Pakistanis affecting many things besides Kashmir issue. It would be considered an unfriendly act with grave repercussions bearing on its foreign policy.

I assured Prime Minister I had not been told exact position of USG and neither had Embassy Delhi. Department wished avoid risk of same words getting two different interpretations at two different

¹ Source: Department of State, Central Files, 330.153/1-1657. Confidential; Niact. Repeated to New Delhi; Department passed to USUN.

² The Security Council discussed the Kashmir dispute January 16-February 21.

capitals. USG position would be made clear in front of both GOP and GOI Representatives in UN.

I pointed out Foreign Minister cable was his interpretation of situation and not statement of USG position and I doubted if USG would merely take position the troublesome issue must be settled by negotiation between the two countries. I ventured opinion that Lodge may have been merely sounding out Noon and not indicating USG position.

Prime Minister said he could understand and sympathize with difficult position of USG but it was question of whether USG was going to support just principles and support its proved friends or succumb to appeasement to power politics.

Comment: If UN satisfies Pakistanis on (a) and (c) Pakistanis probably would be willing forget UN police force; what would be intolerable would be dispatch of UN representative without specific instructions devise methods conduct plebiscite. Among other casualties in GOP and Pakistan public of unsatisfactory or indecisive outcome of Kashmir case will be reputation of UN as a body that can work for peaceful solutions of difficult problems.³

Hildreth

³ In telegram 1672 to Karachi, January 18, the Department informed Hildreth that it approved the line he had taken in his conversation with Suhrawardy. The Department noted that since Suhrawardy may have acquired a misconception regarding the U.S. position toward Kashmir, Hildreth could reiterate to him that U.S. policy had not changed and that the United States continued to support a solution to this problem based on U.N. resolutions unless and until another solution was agreed upon by both parties. The Department emphasized that it did not accept the allegation that Pakistan's acceptance of military aid and adherence to SEATO and the Baghdad Pact changed the situation in Kashmir; it believed, on the contrary, that prior U.N. actions continued to be valid. The Department of State expressed concern with the strongly implied threat of Foreign Minister Noon that Pakistan would decrease its cooperation in SEATO and the Baghdad Pact if the United States did not take a position on Kashmir satisfactory to the Pakistanis. "We consider Pakistan membership in pacts rests on basis such membership in national interest of Pakistan and not because US desires," the telegram concluded. "At appropriate occasions you requested reiterate this to Pakistanis." (Department of State, Central Files, 330.153/1-1657)

43. Telegram From the Department of State to the Embassy in India¹*Washington, January 17, 1957—4:22 p.m.*

1884. Suggest you take following line in reply Pillai representations re Kashmir. (Embtel 1965)²

We are aware delicate problems raised by forthcoming Security Council consideration Kashmir issue. We will keep in mind in determining our policy high desirability attempting prevent setback in friendly relations between two countries to which Prime Minister's visit made such contribution. We have noted restraint with which Prime Minister and Indian Government have reacted towards new Middle East program.

US in determining its position in connection forthcoming SC consideration Kashmir dispute will be guided by basic principle of supporting UN action which we feel would contribute solution dispute. To take any other action would be in conflict with a basic principle of US policy. Our recent action in connection with the Egyptian crisis demonstrated once again our reliance on the UN as an instrument to settle international disputes. In general in forthcoming hearings we shall support the line laid down in previous UN decisions on the question. We expect maintain positions taken in previous SC hearings that, failing agreement between two parties on any other means or terms of settlement, the issue should be determined through a free and impartial plebiscite under UN auspices in which people of Kashmir would have opportunity freely express their wishes as to their future political status. This is position both India and Pakistan have accepted.

¹ Source: Department of State, Central Files, 690D.91/1-1557. Confidential; Priority. Drafted by Jones, cleared with Wilcox and Ludlow, and approved by Rountree. Repeated to Karachi and USUN in New York.

² In telegram 1965, January 15, Bartlett reported that Pillai had called him to his office that day to make a plea for the United States to do all in its power to prevent the Kashmir issue in the Security Council from taking such a course as would strain the newly established understanding between the United States and India. If the Security Council took an attitude critical of India, Pillai pointed out, the net result could be a serious setback to the ties of friendship between India and the United States which had been developing over the past months. (*Ibid.*)

We should be glad consult closely with Indian delegation during course UN consideration.³

Dulles

³ In telegram 2021 from New Delhi, January 20, Bartlett reported that he explained the U.S. position as outlined in this telegram to Prime Minister Nehru, and that Nehru received the message without change of facial expression and without comment. Bartlett observed that Nehru was deeply concerned that a Kashmir plebiscite might set off communal disturbances throughout India; Bartlett also went on to say that the Embassy believed Nehru's assessment of the dangers of communal strife was correct. (*Ibid.*, 690D.91/1-2057)

44. Memorandum of a Telephone Conversation Between the President and the Secretary of State, Washington, January 22, 1957, 11:34 a.m.¹

The Pres wanted to make sure that 10 tomorrow was all right for them to talk, and the Sec said fine.

The Sec mentioned Kashmir—we are trying to take a moderate course that will probably not please either side. The Sec wondered how close the Pres wanted to keep to it. The Pres mentioned when Nehru was here he forgot India blocked the plebiscite and said N's understanding is the Pakistan PM stated he himself was ready to accept the existing lines but that he could not say it. If the UN came along and adopted it they would adopt it. The Pres said what is in the papers makes this not true. It may have been he hoped we would press for that. The Pres does not know whether we can keep hands off. The Sec said his theory is they would be swayed by religious appeals and not vote their political convictions. The Sec said the Indians took steps to integrate on the 26th of Jan the whole business. The Pres said Pakistan had $\frac{1}{3}$ of the territory and $\frac{1}{4}$ of the population and were willing to see that go into Pakistan (India?) holdings. This would violate the UN res. We are working with the British on a resolution and the Sec referred to the substance of it. The Pres said Nehru weakens his case badly but he is insistent on one thing—if they build the boundaries along religious lines, he is in a hole. There is some justice on Nehru's side that does not appear on the surface. The Sec agreed but the trouble is that the Pakis think

¹ Source: Eisenhower Library, Dulles Papers. White House Telephone Conversations. Drafted by Phyllis D. Bernau.

that position strikes at the existence of Pakistan—they are trying to undo Pakistan. The Pres mentioned the Sec's writing to Nehru whatever the attitude we take and saying he felt this was the best way not to worsen the situation and he talked with the Pres about it. He recognizes his difficulties and knows there are elements of justice which do not appear in the record. We are concerned re the situation.²

² In a telephone conversation with Under Secretary Hoover the previous day, Secretary Dulles stated that the United States could give Pakistan greater help in the United Nations. India was violating U.N. resolutions and recommendations, the Secretary noted, and he indicated that he hoped to talk with Lodge at the President's inauguration, that day, about the Kashmir problem. (Memorandum of conversation, drafted in the office of the Secretary of State, January 21, 1957; *ibid.*, General Telephone Conversations)

45. Telegram From the Department of State to the Embassy in India¹

Washington, January 22, 1957—8:26 p.m.

1928. Please deliver following personal message to Nehru from Secretary:

"Dear Mr. Prime Minister:

President Eisenhower and I have just been talking together about the Kashmir matter now before the Security Council. We are, as you know, distressed that there should be this sharp dispute between two of our good friends. Also it is not easy to determine our course because of the cross-currents, some religious and some political.

You will, however, we are confident, understand that, as a minimum, we cannot disregard the prior decisions of the United Nations with reference to a plebiscite, unless the parties concerned agree on some other solution. Also we do not see how the Security Council can be silent in the face of any development which might gravely disturb the situation contrary to United Nations decisions.

We are working with the British on a draft of a resolution which we hope will be considered moderate and generally acceptable. The President and I, however, did not want you to feel that we were unmindful of your great personal preoccupation with this

¹ Source: Department of State, Central Files, 690D.91/1-2257. Secret; Priority; Limited Distribution. Drafted and approved by Dulles; cleared with Rountree, Jones, and Withers.

situation or that we had forgotten what you had said to us on this subject.

It is very distressing when we are confronted by these issues and we try to do the best we can under the guidance of the principles which President Eisenhower enunciated yesterday in his Inaugural Address, a copy of which is no doubt available to you.

With my sincere best wishes, I am, my dear Mr. Prime Minister, John Foster Dulles"

FYI—We do not contemplate publication.

Dulles

46. Editorial Note

On January 24, 1957, the United Nations Security Council adopted a draft resolution regarding the Kashmir dispute sponsored by Australia, Colombia, Cuba, the United Kingdom, and the United States. The resolution, adopted by a 10 to 0 vote with 1 abstention (the Soviet Union), recalled previous resolutions of both the Council and the United Nations Commission for India and Pakistan concerning Kashmir, all of which had declared that the future disposition of the State of Jammu and Kashmir would be made in accordance with the will of the people expressed through the democratic method of a free and impartial plebiscite conducted under the auspices of the United Nations. It stated further that the convening of a Constituent Assembly and any action which it might have taken or might attempt to take to determine the future shape and affiliation of Kashmir would be inconsistent with the principles expressed in those resolutions. (U.N. doc. S/3779)

47. Telegram From the United States Mission at the United Nations to the Department of State¹

New York, January 28, 1957—8:47 p.m.

554. Re: Kashmir. Menon (India) talked to me again this morning about Kashmir, maintaining, as he has previously, India's weak position in UN was due to poor handling of case by his predecessors and that his long speech in SC necessary to restate India's case on proper basis.² He said Indians had become involved in talk about secondary details instead of concentrating on issue of aggression and fact that once having acceded there was no provision for secession of Kashmir from India.

Menon said there was danger of some type of "fedayeen" attacks by Pakistanis along Kashmir border. India could not safely allow these attacks to penetrate sufficiently deep to demonstrate their aggressive character before launching military resistance. They would have to resist immediately any military moves by Pakistanis. This might result in Pakistani claims of Indian attacks against Pakistan, and he hoped we would not be fooled. Menon said that if there were any aggression against India by Pakistan and he had anything to do with it, India would take over Pakistan. They would do this in spite of American planes in Pakistan. He said Indian ground forces could easily defeat Pakistani troops, who, he thought, lacked will to fight.

He said India should take both East Bengal and West Pakistan. He stressed most of Pakistan's foreign exchange earnings came from East Bengal and implied that their loss would prevent Pakistan from acquiring outside military supplies. He also noted that East Bengal economic situation was very difficult and that India had had to donate relief supplies for East Bengal on two or three occasions.

He reiterated that he did not mean that we had supplied arms to Pakistan for use against India, but added that when you give a child a knife it is not for purpose of sticking someone, but it might be hard to prevent him from doing so. He added that even if US opposed Pakistani military aggression and was willing to go to war, any action US might take would probably be too late to help India.

¹ Source: Department of State, Central Files, 690D.91/1-2257. Secret; Priority.

² See U.N. docs. S/PV. 762-764, January 23-24, 1957.

Menon also referred again to strategic importance Kashmir in relation to Russian and Chinese borders and to Indian doubts Pakistan would be strong enough hold Kashmir.³

Lodge

³ In telegram 557 from USUN, Ambassador Lodge informed the Department that the British Delegation was seriously concerned about the possibility of hostilities between India and Pakistan over Kashmir. "Both Indian and Pakistani officials at top level here have been bellicose in their private statements to us," Lodge wrote. "While much of this can be discounted," he pointed out, "such statements have been made on several occasions by both sides." He requested the Department's estimate of this problem. (Department of State, Central Files, 690D.91/1-3057)

At a meeting of the National Security Council on January 31, Director of Central Intelligence Allen W. Dulles discussed recent developments regarding Kashmir:

"With respect to the situation in Kashmir, Mr. Dulles said that while last week we were concerned over possible impetuous action by the Pakistanis, we were now worried about the Indians, who were talking in very belligerent terms. Mr. Dulles doubted, however, that the Indians would actually move to take over Pakistan, despite Krishna Menon's threatening remarks on this subject to Ambassador Lodge at the UN. It is possible that Nehru's assumption of the Indian Defense portfolio was the result of his anxiety to keep this situation under control." (Memorandum of discussion at the 311th meeting of the National Security Council, by Gleason, February 1; Eisenhower Library, Whitman File, NSC Records)

48. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, February 9, 1957—7:40 p.m.

1919. Re Kashmir. Embtel 2057.² Ambassador should convey following views orally on behalf President to Prime Minister Suhrawardy in response his message given you January 30:

¹ Source: Department of State, Central Files, 690D.91/2-957. Confidential; Priority; Presidential Handling. Drafted by Collins, cleared with Goodpaster, and approved by Dulles. Repeated to London, New Delhi, and USUN.

² In telegram 2057, January 30, Ambassador Hildreth reported that Prime Minister Suhrawardy delivered a signed letter to him that morning for President Eisenhower. In the letter, Suhrawardy thanked the President for strong U.S. support of Pakistan's position on Kashmir in the Security Council. The Prime Minister also indicated that Pakistan would go as far as possible to meet the Indian viewpoint on the question of demilitarization by withdrawing the entire Pakistani army from Kashmir, prior to the Indian troop withdrawal, provided that the defense and security of the area would be safeguarded by a U.N. police force. (*Ibid.*, 690D.91/1-3057) The signed letter is in the Eisenhower Library, Whitman File, International File.

1) President appreciates very much Prime Minister's message on Kashmir. Suggestions made by Prime Minister represent what might be new and helpful approach to solution this issue and will receive most careful consideration by US Government. However in President's view there are many complex problems involved in what Prime Minister proposes which will require review and consultation with other UN members.

2) As Prime Minister aware US Government values very much its close ties with Governments of Pakistan and India. We have striven since beginning Kashmir dispute to assist both countries to reach satisfactory solution this issue through our support of UN efforts.

3) President has authorized Ambassador Lodge to continue his discussions in New York with Foreign Minister Noon on constructive approaches for solution this issue. In addition President has discussed Kashmir issue with Secretary who has assured him this subject receiving his very close and careful attention.

4) President extends best personal wishes to Prime Minister and President Mirza.

FYI—Department believes oral presentation preferable in view previous experience re leaks to Pakistan press. We are continuing conversations with British in effort reach agreement on constructive approaches for Security Council action.³

Dulles

³ In telegram 2139 from Karachi, February 10, Ambassador Hildreth reported that he had conveyed the substance of the views in telegram 1919 orally to the Prime Minister that day. Suhrawardy noted that the United States was putting Indian and Pakistan on the same basis, but Hildreth reminded him that "when showdown came, US had supported Pakistan." The Prime Minister agreed that that was so, leading Hildreth to believe that he did not really object to the wording of Eisenhower's message. (Department of State, Central Files, 690D.91/2-1057)

On January 27, Mirza sent a cable to the President, also expressing Pakistan's appreciation for U.S. support in the Security Council. He sent an identical cable to the Secretary of State. In telegram 1808 to Karachi, January 30, the Department transmitted a copy of Mirza's message to the Embassy and instructed the Ambassador to convey personally to Mirza President Eisenhower's and Dulles' warm thanks for his thoughtfulness. (*Ibid.*, 690D.91/1-3057)

49. Memorandum From the Deputy Director for Intelligence, the Joint Staff (Collins) to the Assistant to the Secretary of Defense for Special Operations (Erskine)¹

Washington, February 11, 1957.

SUBJECT

Emerging Pattern—Kashmir

1. After a lengthy presentation of India's case on Kashmir on 23–24 January, the Security Council approved a resolution which reminded the governments concerned of the principle embodied in previous resolutions that the final disposition of Kashmir be made in accordance with the will of the people. The vote was 10–0 with the USSR abstaining. Krishna Menon told Ambassador Lodge that he (Menon) had hinted to Soviets before the vote that a Soviet veto was not desired because India did not want to appear to be under Soviet umbrella. Menon stated Soviets had told him that they would veto any Security Council resolution on Kashmir if India so desired.

2. The U.S. position throughout has been one of cautious support of Pakistan through a solution based upon U.N. resolutions, unless the parties themselves could agree to a solution through direct negotiations. The U.S. attitude is dictated by the fear of damaging U.S.-Indian relations which were somewhat improved after Nehru's visit and by the desire to support Pakistan with whom we are allied.

3. The main course of events in Southeast Asia is not likely to be significantly affected by India's setback in the Security Council. Nehru's halo of morality has been tarnished by his attitude and actions, but he will retain his influence in the Afro-Asian Bloc. It is interesting to note that the U.N. representatives of Ceylon, Indonesia, and Burma all have commented upon the weakness of the Indian position. The Bandung powers may offer their "good offices" in an effort toward peaceful settlement.

4. India's immediate courses of action are aimed at gaining time. For the short run they are trying to stall until after the forthcoming elections. A part of the pressure being applied to the U.S. by India is the forecast of Communist gains if U.N. action adverse to India is taken before elections. Another pressure for delay is the thinly

¹ Source: Department of Defense, OASD/ISA Files, NESA Records, Pakistan. Secret. Forwarded to Gordon Gray on February 12 under cover of a note from General G.B. Erskine, USMC (ret.). In the note General Erskine commented as follows:

"The increasing tension between India and Pakistan on the Kashmir question has deep implications for U.S. relations with both countries and is of significant interest to the Department of Defense.

"The attached paper was prepared by the Joint Intelligence Group and is forwarded for your information."

veiled threat of another "blood-bath" to the Moslem minority remaining in India. Also, Nehru would like to prevent any action until after the General Assembly adjourns or at least until March when the President of the Security Council will be a Russian. Over the longer term, Nehru probably hopes that economic and political concessions to the Kashmiri presently being made will produce a majority for India in a future plebiscite. This is not likely. Nehru would probably settle for permanent partition of Kashmir along the present cease-fire lines.

5. Pakistan is pressing for immediate action by the Security Council to place U.N. forces in Kashmir. The Pakistan Government has stated that if India refused to accept the U.N. forces on India's side of the cease-fire line that Pakistan would accept them in Pakistan-occupied Kashmir. Pakistan is insisting upon implementation of the original U.N. resolutions calling for a plebiscite in all of Kashmir. However, it would probably settle for partition of the area with a plebiscite held in the Vale itself, the heart of Kashmir. The Pakistani, like the Indians, call our attention to an increase in Communist strength in Pakistan if the U.N. failed to take positive action under vigorous U.S. leadership. The Pakistani Foreign Minister, Noon, has threatened to resign if U.S. failed to support Pakistan and he implied that Pakistan's whole pro-West foreign policy would be affected by such U.S. failure. I believe that the Government of Pakistan has the Free Kashmir (Azad Kashmir) forces under control. These forces will probably be kept from launching hostilities until Pakistan sees no other hope of favorable settlement. By allowing the Azad Kashmir forces to attack Pakistan would be attempting to force the U.N. to intervene.

6. The U.K. position has been somewhat stronger in support of Pakistan than has that of the U.S. The U.K. probably wants to bring things to a head in the Security Council (anticipating a Soviet veto of any measure adverse to India) and then move the entire Kashmir problem into the General Assembly.

7. Soviet policy in Asia is not likely to be affected significantly by developments in the Kashmir problem. They will continue to support India, but will try to avoid as much as possible any further alienation of Pakistan. It is for this reason that the USSR has not taken part in the U.N. debate and has abstained, rather than vetoing, resolutions adverse to the Indian position. Chou En-lai, through the Bandung "good offices", may be able to appear as a peacemaker.

8. On 8 February the Kashmir problem was again considered in the Security Council and after re-statement of the positions of Pakistan and India, further action was postponed until a later date.

Richard Collins ²

² Printed from a copy which bears this typed signature.

50. Telegram From the Department of State to the Embassy in India ¹

Washington, February 12, 1957—3:44 p.m.

2148. For Bartlett from Rountree. Appreciate evaluation of Indian position on Kashmir question contained your 2196 ² and have taken into consideration your recommendations in determining form of resolution which US will support in SC. Also appreciate views your 2221 ³ but doubt all Bandung members willing offer good offices. Moreover SC determined proceed with action seeking early solution. We are now discussing text of draft resolution with British and hope to be able send text to you soon. This text will meet a number of your points.

As you know US support Kashmir solution based plebiscite under UN auspices. We favor this solution not only because in line with previous UN decisions but because it is only method settlement

¹ Source: Department of State, Central Files, 690D.91/2-657. Confidential; Niact. Drafted by Jones and Withers, cleared with DePalma, and approved by Rountree.

² In telegram 2196, February 6, Bartlett stated that the Embassy believed Nehru would never agree to a U.N. supervised plebiscite for Kashmir; for that reason the Embassy considered a plebiscite solution to be impracticable. In addition, the Chargé noted, the Embassy was convinced that a plebiscite would lead to widespread communal animosity which would quickly spread throughout important parts of the subcontinent. If the "West" attempted to force a plebiscite on India, moreover, Bartlett believed that Nehru might then move closer to the Soviet Union. He recommended, instead, that the Security Council consider instructing either the U.N. Secretary-General or its President to reexamine the situation on the spot and submit a report analyzing the alleged changes since 1951 and recommending a new approach to the United Nations. (*Ibid.*)

³ In telegram 2221, February 8, Bartlett reported that Prime Minister S.W.R.O. Bandaranaike of Ceylon had stated the previous day that he would shortly address a letter to the Bandung powers asking them to use their good offices to help bring about a peaceful settlement of the Kashmir dispute. The Chargé suggested that this initiative might be productive and requested the Department's assessment. (*Ibid.*, 690D.91/2-857)

to which parties have agreed. It would be undesirable recede from this position in absence of at least reasonable chance agreement on alternative means settlement. As you suggest we should encourage India come forth with constructive proposals. However we are not convinced division Kashmir along present cease fire line even if India prepared concede somewhat on Pakistan debt and canal waters would provide satisfactory alternative road to settlement.

Understand your apprehension holding plebiscite might increase communal tension in India and result in deepening enmity between India and Pakistan. This might be case though GOI surely has responsibility protect its minorities. On other hand failure make progress towards solution Kashmir issue might also have effect increasing communal tension in subcontinent and we believe would deepen enmity between two countries to greater degree than holding plebiscite.

We fully cognizant that if SC unanimously with exception USSR takes action contrary to Indian view GOI and Indian people may adopt attitude USSR their only friend. This is danger we must face in pursuing our efforts for acceptable settlement Kashmir issue as we cannot of course determine our own policy on basis of what attitude Soviets will take. We hope we could counter this possible feeling on part of Indians by pointing out to them many ways in which we have attempted take their views into account in deciding upon form of resolution. USUN and UK Del discussed basic points our proposed resolution with Menon and Firoz Khan Noon yesterday. USUN 573⁴ reporting substance these conversations repeated FYI. Request you not discuss with GOI pending receipt further instructions from Department.

Dulles

⁴ Dated February 11, not printed. (*Ibid.*, 690D.91/2-1157)

51. Editorial Note

On February 20, Australia, Cuba, the United Kingdom, and the United States submitted another draft resolution to the Security Council concerning the Kashmir dispute. It noted Pakistan's proposal for the use of a temporary United Nations force to aid in the demilitarization of Kashmir and stated that the use of such a force

deserved consideration. In addition, the draft resolution requested the President of the Security Council, Gunnar V. Jarring of Sweden, to visit the subcontinent to examine with the Governments of India and Pakistan proposals which, in his opinion, would help to bring about demilitarization or further the settlement of the dispute. Although the proposal received nine votes in its favor, the Soviet Union vetoed the resolution. (U.N. doc. S/3792 and Corr. 1)

Following the rejection of the four-power draft resolution, Australia, the United Kingdom, and the United States submitted a somewhat different version of that proposal. Excluding all mention of a United Nations force, the new draft resolution called upon the Council to request its President to visit the subcontinent, explore the possibility for a settlement of the Kashmir dispute with India and Pakistan, and report to the Council no later than April 15, 1957. On February 21, the three-power draft resolution was adopted by the Security Council by a vote of 10 to 0, with 1 abstention (the Soviet Union). (U.N. doc. S/3793)

52. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, February 28, 1957—8:12 p.m.

2116. Please transmit following confidential reply from the President to Prime Minister Suhrawardy in response his message of February 13 on Kashmir:²

"Dear Mr. Prime Minister:

"Thank you very much for your message of February thirteenth. I am aware of your deep interest in the problem of Kashmir and of your hopes, which I share, for a settlement within the framework of the United Nations.

"The United States, along with other Security Council members, has assumed an active role in the Council's current discussions of Kashmir in an effort to assist the parties toward a satisfactory settlement. The five-power resolution of January twenty-fourth, which the Council approved, was a step in this direction. Our resolution of February fourteenth, which we submitted along with the Governments of the United Kingdom, Australia and Cuba, was,

¹ Source: Department of State, Central Files, 690D.91/2-2857. Confidential; Presidential Handling. Drafted by Collins and approved by Jones.

² Not printed. (Eisenhower Library, Whitman File, International File)

in our view, the most constructive step the Council could have taken at this time. Unfortunately, the Soviet Union, disregarding the wishes of the majority of the Council, vetoed it. Despite the action of the Soviet Union, I believe the subsequent action of the Council on February twenty-first, in authorizing its President to confer with the parties, represents a forward step.

"The United Nations has an obligation to continue to strive for a just solution of this issue. The United States has consistently supported its efforts and shall continue to do so.

"Sincerely, Dwight D. Eisenhower"

Embassy Note.

In transmitting message to Prime Minister Embassy should emphasize US desire text message remain confidential and expects GOP will take necessary precautions to prevent any leaks this exchange correspondence to press. Signed text being pouched.

Dulles

53. Editorial Note

Secretary Dulles met with Pakistani Finance Minister Amjad Ali on March 11 while in Canberra attending the third SEATO Council meeting. They discussed several recent developments affecting United States-Pakistani relations, including the Kashmir dispute:

"Amjad Ali raised the question of Kashmir and said that the plan to send Jarring to the subcontinent would prove fruitless. He was not optimistic over the possibility of a softer line on the part of Nehru. The Secretary said that he also was not optimistic. Amjad Ali said that it would be necessary after Jarring's return to the Security Council for the Council to take a strong line. Time, he said, was on the side of Nehru. The Secretary reminded Amjad Ali that we had attempted to put through a much stronger resolution, but that it encountered a Soviet veto. Amjad Ali said that if the Soviets vetoed another resolution Pakistan would take the Kashmir case to the General Assembly. The Secretary asked Amjad Ali if he thought Pakistan would be able to get the necessary two-thirds majority and the Finance Minister said the GOP thought so. They had collected clippings from all over the world and that it was obvious that world press opinion was on Pakistan's side. He hoped that this was an indication of widespread government support. Pakistan, however, was canvassing the members of the General Assembly to find out their attitudes. In response to The Secretary's question concerning timing, Amjad Ali said that they might take it to the General Assembly in September or if they could muster enough support they might take advantage of a special session. The Secretary remarked

that Nehru seemed adamant and Amjad Ali agreed and said he could not understand why Nehru was clutching to Kashmir so tenaciously, he had vast territories already. In any event, according to Amjad Ali, Nehru is losing the stature that he had some months ago. Amjad Ali referred to the fact that Krishna Menon was always harping on self-determination, but that with Kashmir the situation seems somewhat different." (Memorandum of conversation by Withers, March 11; Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

54. Telegram From the Embassy in India to the Department of State¹

New Delhi, April 3, 1957—7 p.m.

2726. Re Deptel 2560.² Embassy believes approach to GOI re Kashmir at this time . . . would probably harden rather than soften GOI position for following reasons:

(1) . . . Nehru would probably believe . . . Western countries "ganging up" against him, particularly if no similar approach made to Pakistan.

(2) . . . Embassy believes approach by Canada or by Colombo powers might be more productive, although Embassy understands Canada reluctant jeopardize its present high standing with Nehru by intruding itself into Kashmir tangle.

(3) With present Indo-Pakistan tension so high almost impossible for either country make any "constructive and realistic proposal looking toward solution" for fear of losing face with its own people and because any proposal by one country would presumably be automatically reviewed with deep suspicion by the other.

In this respect, it would appear to be better have constructive proposal submitted by impartial third party at same time to both protagonists, which is presumably purpose of Jarring mission.

Embassy feels maximum breathing space desirable allow tempers subside. At present time perhaps best approach might be for Canada plus US and UK separately suggest both India and Pakistan that ultimate solution under peaceful conditions dependent upon development less emotional attitudes and therefore, if Jarring so asks, both governments should be willing extend period within which he

¹ Source: Department of State, Central Files, 690D.91/4-357. Secret. Repeated to London and Karachi; Department passed to New York.

² Dated March 28, not printed. (*Ibid.*, 690D.91/3-2857)

is required report to SC. SC would presumably assent. In meanwhile situation would be helped if both sides refrained from intemperate statements. If return to relative calm is brought about by such passage of time, it is possible realization by GOI that it has not convinced world of rightness its position and that its prestige is consequently suffering may induce somewhat more conciliatory attitude toward some solution other than by plebiscite.

I should like to state my personal conviction, after my first 6 weeks in India, that no solution based upon a UN plebiscite can be considered either constructive or realistic. Nehru and the GOI are deeply and sincerely convinced that such a plebiscite under present conditions would not only not be a peaceful solution, but would also prejudice the stability and vital interests of their nation. Their feeling that plebiscite would lead to violent communal strife which would gravely affect large Muslim population in India and shake the foundations of the secular state they are attempting to build is deeply and, I believe sincerely, held. It is a risk which GOI unwilling to take. It is an awkward position for them to explain, of course, and they have instead attempted to rely upon legalistic and moral arguments, on whose latter grounds Pakistan's case can be presented in a much simpler and more persuasive fashion. I am not yet prepared to say whether Nehru and his government's conviction that the maintenance of at least the status quo in Kashmir is of vital national interest is sound or not, but I do believe it is what Nehru and his colleagues deeply feel and that this fact constitutes a reality which foreign governments have to face.

Although the origins are obviously different I am impressed with certain similarities between Kashmir situation and that existing formerly in Trieste. There it was necessary to allow tempers to cool off, to wait until Italian elections had taken place so that there would be in existence a government able to agree to a settlement (similar situation might apply in Pakistan) and then to undertake behind-the-scenes private and confidential negotiations. In Trieste neither side renounced its claims but I believe settlement is now accepted as final and fair. Perhaps something similar may be indicated here with possible approach to overall settlements of Indo-Pakistan problems.

Bunker

55. Memorandum of a Conversation Between the Secretary of State and the Indian Ambassador (Mehta), Department of State, Washington, April 25, 1957¹

SUBJECT

Kashmir and Other Indo-Pakistan Problems

The Ambassador said that he had been impressed during his stay in India with the strong feelings of the Indian people on the Kashmir issue. He had found that the Indians were very pleased with the Prime Minister's visit. During the course of the visit an Indo-American Friendship Society had been established by members of both Houses of the Indian Parliament.

Unfortunately there had been some diminution in the friendly feelings of the Indian people for the US in the period which had elapsed since the Prime Minister's visit. The Ambassador was asked during his stay in India why the President's "Middle East" doctrine had not been discussed with the Prime Minister during the talks that the Prime Minister had had with the President. The Ambassador said that he had replied that at the time of the Prime Minister's visit the doctrine was in its early stages, and had very suddenly been developed.

The consideration by the Security Council of the Kashmir problem, which had taken place during the Indian elections, had also had an adverse effect upon the friendly spirit engendered by the Prime Minister's visit. The Ambassador said that he did not wish to go into the merits of the Kashmir case. General public feeling in India, at least among the educated classes, had become rather embittered against the West as the result of the Security Council action on Kashmir. Indians felt as the result of this action that only the USSR was with India; other countries were against her. This feeling had been intensified by the statements of the Pakistan Prime Minister to the effect that Pakistan's friends had "paid off" for Pakistan's alignment with the West through standing with Pakistan on the Kashmir problem. Indian public opinion felt that the position which the Western countries had taken on the problem had not been based on the merits of the case.

The Ambassador added that he had also found during his stay in India that the Indian people were greatly concerned over the increase in Pakistan's military potential. He himself had seen the reply of an ex-governor of an Indian state to a letter claiming that there were atomic bases in Pakistan. The Ambassador said that he

¹ Source: Department of State, Central Files, 690D.91/4-2557. Confidential. Drafted by Jones.

told the ex-governor that he should take no notice of the claim. There was a real fear among the Indian people that Pakistan might take "hasty action", or let the tribesmen do it as had been the case in 1947 in Kashmir. The Pakistanis had later admitted that their troops had entered Kashmir. There was some apprehension in India that the Pakistanis might again create such a situation. The Prime Minister himself was concerned, particularly in view of the wild claims made in Pakistan about declaring a "holy war" against India.

When he was queried in India on this question, the Ambassador said that he had pointed to the Secretary's statement during the latter's visit to New Delhi that in case of aggression by Pakistan the United States would not support that country. The Ambassador feared, however, that it might be difficult to determine exactly who the aggressor was in any future trouble; that there might develop a confused situation. It would be much better to prevent any aggression at all, rather than attempting to determine who was the aggressor after trouble began.

Reverting to the Prime Minister's visit to the United States, the Ambassador reiterated that the effects of the visit had been good in India. In the electoral campaign the Prime Minister on several occasions paid tribute to President Eisenhower as a "man of peace".

The Secretary said that when an issue divided two countries as sharply and bitterly as the Kashmir issue had divided India and Pakistan, it made it difficult for other countries. It was the general impression in the US, he thought, that India was in the wrong in the Kashmir dispute. This feeling was not related to the fact that Pakistan was allied with the US in SEATO. Most people did not connect Pakistan's membership in SEATO with the Kashmir problem. It was probably over-simplification, but the popular feeling here was that the UN had proposed that a plebiscite be held to determine the future of Kashmir, and that India refused to proceed with the plebiscite. The Secretary wondered if the report soon to be submitted by Mr. Jarring would be a helpful factor in the situation.² He did not know whether it would be.

So far as the Secretary knew, there was no basis for the talk about giving atomic training to the Pakistanis but that if the Ambassador wished, he would look into it. There was certainly no question of our supplying Pakistan with atomic weapons. It would be illegal to do so. We are not able to do so for the British and French in NATO.

² Jarring submitted his report to the Security Council on April 29. (U.N. doc. S/3821) On May 2, Jones sent an evaluation of the report to Rountree and Berry. This assessment, drafted by Collins, concluded that the Jarring report represented yet another failure of the United Nations to effect a settlement of the longstanding Kashmir dispute. (Department of State, SOA Files: Lot 60 D 545, Kashmir 1957)

The Ambassador remarked that it was very easy for reports about nuclear weapons to become exaggerated. When the question of supplying nuclear weapons to the Western European allies of the United States was discussed in the press, reports inevitably appeared that Pakistan would also obtain such weapons. Incidentally, the writer of the letter to the ex-governor of the Indian state, to which he had referred earlier, was a Communist.

Reverting to the Kashmir issue, the Ambassador said that he understood that Prime Minister Nehru had discussed with the President the inadvisability of upsetting a settled situation. To agitate the Kashmir issue would have a bad effect upon the communal situation in India. The idea of establishing national states on the basis of religion was absurd. There were 42 million Muslims in India. It was the third largest Muslim state in the world. There was no doubt that Prime Minister Nehru was sincere in his desire to build up a secular state in India. Gandhi had died for this principle.

There was another aspect of the Kashmir question to be considered. If the situation should be upset, disturbed conditions might result. If this should be the case it was well known that the Chinese and Russians liked to fish in troubled waters.

56. Telegram From the Department of State to the Embassy in India¹

Washington, May 6, 1957—7:14 p.m.

2906. Embtels 2753 April 6,² 2910 and 2911 April 26.³ Fully appreciate difficult situation arising from continued GOI complaints

¹ Source: Department of State, Central Files, 690D.91/4-2657. Secret; Limited Distribution. Drafted by Robert W. Adams, Officer in Charge of India, Ceylon, and Nepal Affairs, SOA; cleared with Stevens of NEA, William H. Dodderidge of U/MSA, and Admiral Bergin of the Department of Defense; and approved by Berry.

² In telegram 2753, Ambassador Bunker reported that, in a recent conversation with Indian Foreign Secretary Subimal Dutt and Commonwealth Secretary Manilal Jagdish Desai, they informed him that the Indian Government was gravely concerned over the effect on India of the U.S. provision of arms to Pakistan. They emphasized that since India could not afford to gamble with its very existence it had been attempting to counter Pakistan's arms buildup by stepping up its own purchases of arms from abroad, using the United Kingdom and France as its chief suppliers. Should Pakistani armament keep increasing, the Indian officials pointed out, India might have to purchase equivalent arms from "other sources." (*Ibid.*, 690D.91/4-557)

³ Both dated April 26, neither printed. (*Ibid.*, 690D.91/4-2657)

on US military aid to Pakistan. Such protests and public criticism will probably increase in future with each reported delivery of US equipment to Pakistan and whenever GOI believes these may strengthen its position Kashmir dispute or other international problems.

Basic issue involves fundamental divergence US and GOI views on collective security against Soviet aggression on which no rapprochement to be expected at this time. US action to diminish scope of military aid Pakistan because of Indian pressures unrealistic because of repercussions our entire collective security structure.

We should continue attempts impress on Indians our firm belief that military aid to Pakistan essential to increase its ability resist Communist aggression and also as effective contribution to Free World collective defense efforts. Such efforts clearly benefit India despite its inability or refusal recognize Communist threat to world peace. You may wish in future conversations with GOI officials pursue following arguments:

1) US assurances on defensive purpose military aid Pakistan and US support India in event Pakistan aggression repeatedly given Nehru, other officials and publicly since February 1954 when President sent Nehru letter explaining program and offering extend to India.⁴ President also discussed with Nehru December 1956 and further assurances given by Secretary, your predecessors and yourself. Fact that highest level USG assurances already given should be impressed on GOI officials. We fail understand why they appear disregard such assurances which publicly acknowledged by Nehru.

2) While unable release figures we can state that estimates added Pakistan military strength resulting from US aid contained April 16 memorandum given you by Krishna Menon are greatly exaggerated.

3) US has demonstrated willingness help India acquire modern military material by approving sale of over \$34,000,000 worth of equipment since July 1951, of which \$29,000,000 already shipped. Additional pending requests over \$14,000,000. US will continue give sympathetic consideration to all reasonable future requests.

Herter

⁴ For text, see *Foreign Relations*, 1952-1954, vol. XI, Part 2, p. 1735.

57. **Memorandum of a Conversation Between the Secretary of State and the Ambassador to India (Bunker), Department of State, Washington, June 4, 1957**¹

SUBJECT

Visit of Ambassador Lodge to India; Prime Minister Nehru's Visit to the United States

The Secretary said that he had received a letter from Ambassador Lodge stating that the Ambassador had been urged by Mr. Krishna Menon to make a visit to India.² The Secretary asked if such a visit would embarrass Ambassador Bunker. Ambassador Lodge had stated in his letter that he would plan to visit Pakistan also.

Ambassador Bunker replied that a visit by Ambassador Lodge would not be embarrassing to him. He thought that such a visit might be helpful. Mr. Krishna Menon was a strange person. He had done a beautiful job in briefing the War College group which had recently visited India. He had answered all the questions of the group in a reasonable and friendly manner. The War College group had been pleased with its trip to India and thought that India should be included in all future itineraries of the War College.

Ambassador Bunker said that Prime Minister Nehru had sent his regards to the Secretary. The Indians still were critical towards a number of United States policies, including Kashmir and regional security pacts. He thought, however, that the visit of Prime Minister Nehru to the US had been helpful and had resulted in a better understanding by the Prime Minister of basic US policies.

The Secretary replied that we had also obtained a clearer understanding of Indian policy and thinking as a result of the visit. The world was now in the process of evolving an effective collective security system. A comparison might be made between the efforts now being made to develop a security system and a man's efforts to protect his own home. Previously he had to depend upon his own resources; now he depended upon a police force for protection. The Secretary appreciated the fact that to Pakistan the problem of India loomed larger than that of the Soviet Union. He also understood the Indian fear that military equipment furnished Pakistan by the US might be misused. He himself, however, thought it unlikely that misuse of the equipment would occur. There was the danger of a

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Jones.

² This letter from Lodge has not been found in Department of State files; it is summarized, however, in a memorandum from Wilcox to Dulles, July 5, 1957. (*Ibid.*, IO Files: Lot 60 D 113, Ambassador Lodge)

cyclone of events resulting in a situation so confused that it would be difficult to determine who was the aggressor and who was aggressed against. He could understand how India would like to see Pakistan in a state of military inferiority to it. Nevertheless, Prime Minister Nehru should understand our motives and philosophy.

Ambassador Bunker replied that he thought Prime Minister Nehru did understand. At least he understood better than anyone else in India.

58. Telegram From the Department of State to the Embassy in Pakistan ¹

Washington, June 29, 1957—1:33 p.m.

3460. Following consists summaries two memos conversation approved by Secretary and Rountree being pouched addressees:

During extended conversation with Secretary June 18 ² Pakistan Foreign Minister Noon urged US support Pakistan efforts Kashmir forthcoming Security Council discussions.

Noon stressed Pakistan's aim move ahead demilitarization to ultimate plebiscite and to this end wanted Security Council instruct Dr. Graham continue where he left off in 1953. Noon strongly opposed British proposal that fact-finding mission determine whether parties had carried out provisions Part I UNCIP resolutions. ³

Secretary replied along following lines: He impressed Pakistan's willingness arbitrate but questioned whether it would get us anywhere show up opposite attitude India. He felt we should exhaust every possibility for settlement and not exclude any proposed resolution solely on basis it probably would be vetoed by Soviet Union. He believed Soviets would probably veto anything of substance but it might be good idea let Indians know matters could not drift indefinitely. He doubted Indians would like be in position of depending again on Soviet veto. We would naturally have to consult

¹ Source: Department of State, Central Files, 690D.91/6-2957. Secret. Drafted by Collins, cleared with UNP, and approved by Rountree. Also sent to London, New Delhi, and USUN.

² A memorandum of this conversation, drafted by Withers, is *ibid.*, 690D.91/6-1857.

³ Part I of the UNCIP resolutions of both August 13, 1948 (U.N. doc. S/995), and January 5, 1949 (U.N. doc. S/1196), concerned implementation of a cease-fire in Kashmir.

with UK on possible future courses of action. Secretary emphasized he was speaking in broad generalities which were hard to translate into action. There might be very little we could do but we would certainly try to think of some meaningful action.

In response previous suggestion by Noon that American aid to India be used as lever to pressure Nehru into abiding by Security Council decisions Secretary strongly emphasized difficulties and disadvantages attaching political conditions US economic aid.

Noon in subsequent conversation June 22 with Assistant Secretary Rountree was given orally substance our suggested modifications of Pakistan proposed draft resolution⁴ as well as substance possible alternative resolution. It was emphasized these were tentative suggestions and we desired time additional consideration and consultations with USUN and UK. Noon indicated he would discuss US suggestions with Prime Minister Suhrawardy upon his return to London.⁵

Henderson

⁴ Both the proposed Pakistani draft resolution and the suggested U.S. modifications of it are attached to the memorandum of conversation by David Bane of the Office of United Nations Political and Security Affairs, June 22. (Department of State, Central Files, 690D.91/6-2257)

⁵ During the Secretary's Staff Meeting of June 21, Assistant Secretary Rountree stated that it was likely that Foreign Minister Noon would not like the U.S. position on Pakistan's proposed draft resolution. The problem for the United States, Rountree remarked, was to keep the issue alive and not let it become apparent that the United Nations would be impotent to settle the Kashmir problem since the consequence would be war. (*Ibid.*, S/S Files: Lot 63 D 75, Records of the Secretary's Staff Meetings)

59. Memorandum of a Conversation, Washington, July 10, 1957¹

SUBJECT

Kashmir and Indus Waters Disputes with India

*Participants for Pakistan*The Prime Minister²

Ambassador Mohammed Ali

The Secretary of Foreign Affairs,

Mr. M.S.A. Baig

The Secretary of Economic Affairs,

Mr. S.A. Hasnie

The Secretary of Defense,

Mr. Akhter Husain

The Principal Secretary to the

Prime Minister, Mr. Aftab Khan

Participants for the United States

The Secretary

Mr. William M. Rountree, NEA

Ambassador-designate James M.

Langley

Mr. J. Jefferson Jones, III, SOA

Mr. John M. Howison, SOA

The Prime Minister declared that during the Commonwealth Prime Ministers Conference just completed in London the British Prime Minister had tried to arrange a meeting between the Prime Ministers of Pakistan and India. Mr. Suhrawardy had avoided such a meeting. He had told Mr. Macmillan that Pakistan was being provoked by Nehru, who threatens Pakistan in the Indus waters issue.

The Prime Minister then observed that Pakistan could be starved out if India chose to cut off water from Punjab. The Prime Minister then asked rhetorically what the Pakistanis should do. He answered that they would fight. The Americans and British threw up their arms at such statements. He agreed 100 percent that such a war would present a drain upon Pakistan's non-existent resources. India was four or five times stronger than the Pakistanis were.

There were two ways to avoid such a development which had been tested on past occasions. In March 1950 Nehru had massed troops with the intention of making war upon Pakistan. In this instance war had been avoided by Liaquat Ali's³ trip to Delhi in which compromises were made. In July 1951 Nehru had again massed troops and had even signed "the order to make war", but was advised that Pakistan's newly received Liberators would be able to retaliate to the extent of bombing New Delhi and other Indian cities.

¹ Source: Department of State, Central Files, 690D.91/7-1057. Confidential. Drafted by John M. Howison of SOA.

² Prime Minister Suhrawardy was in Washington for a 3-day official visit, July 10-12.

³ Liaquat Ali Khan, former Prime Minister of Pakistan.

Prime Minister Suhrawardy argued that it was only recently that India had begun to advance the contention that "preliminary conditions had not been met" making fulfillment by India of UN resolutions on Kashmir impossible. (The Prime Minister had reference to the cease-fire provisions of the UNCIP resolutions.) Until recently the Indians had based their position on three other arguments: a) when the US had extended military assistance to Pakistan, India had answered that the Kashmir issue was ended; b) when Pakistan had joined the Baghdad Pact, Nehru had again declared that the question was ended because the balance of power had been altered; and c) when elections had taken place in Kashmir and a Constituent Assembly formed, Nehru had again declared that the question was ended. This position he took despite the fact that a Security Council resolution had pointed out that nothing done in Kashmir by either party to the dispute would have any effect on the previous UN resolutions calling for a plebiscite.

During the recent discussions which the Pakistanis have had in London with the British, the latter expressed the view that a Security Council resolution on Kashmir should not mention the plebiscite but should merely call upon both parties to demilitarize. The Prime Minister observed that he did not like the resolution which had been prepared in accordance with the British suggestion because it raised the question of whether first steps towards implementation of UN resolutions had been taken (i.e. the cease-fire provisions). In Pakistan's view, there was no such question.

In concluding his discussion of Pakistan's major disputes with India, the Prime Minister again reverted to the canal waters question which he described as the most immediate, contrasting it with the Kashmir question which in his opinion would go on and on.

Prime Minister Suhrawardy declared that he would leave further discussion of Kashmir to his associates, Messrs. Baig, Aftab and Noon. They could discuss with the appropriate US officials the question of the timing of next steps in the Kashmir issue. The Prime Minister added that he himself favored immediate action in the United Nations.

The Prime Minister also suggested that the details of the canal waters dispute be discussed later, as he had not had time to read the Iliff report.⁴ He hoped to read it tonight. At this point, he wished to observe only that he had told Nehru, while in London, that the canal waters question was a purely legal one which ought to be settled in accordance with clearly established principles of interna-

⁴ This report by William A.B. Iliff, Vice-President of the International Bank for Reconstruction and Development, made proposals for settling the Indian-Pakistani canal waters dispute.

tional law governing the rights of a lower riparian versus an upper riparian power.

60. Memorandum of a Conversation, Washington, July 12, 1957¹

SUBJECT

Pakistan-Indian Relations: the Kashmir Dispute

Participants for Pakistan:

The Prime Minister
Mr. M.S.A. Baig,
Secretary of Foreign Affairs
Mr. A. Husain,
Secretary of Defense

Participants for the United States:

The Secretary
The Under Secretary
Ambassador-designate James
Langley²
William M. Rountree, NEA
Robert R. Bowie, S/P
J. Jefferson Jones, III, SOA
Charles D. Withers, SOA
John M. Howison, SOA

The Secretary said he understood that United States and Pakistan representatives had yesterday agreed upon a Kashmir resolution which the United States could support.³ Mr. Rountree seconded that view, observing that we had indicated to the Pakistani representative that the US would wish to have consultations with other members of the United Nations before assuming a final position. The Secretary said that he thought we could support the present draft with some changes in wording.

Mr. Suhrawardy asked whether the United States or Pakistan should initiate the discussions mentioned by Mr. Rountree. In his response, Mr. Rountree said that it was our view that the locus of future discussions on the Kashmir issue might best be moved to New York and that the consultations to which he referred would also be carried out in New York. While the precise procedure to be followed in the consultations could be determined at a later date, it

¹ Source: Department of State, Central Files, 690D.91/7-1257. Secret. Drafted by Jones and Howison.

² Langley had been appointed Ambassador to Pakistan on June 13; he officially presented his credentials on July 27.

³ This draft resolution was discussed in a conversation between Baig and Department officers on July 11. (Memorandum of conversation by Withers, July 11; Department of State, Central Files, 690D.91/7-1157)

might be better for the Pakistanis to open consultations with members of the Council regarding the type of action they desired. We might thereafter hold consultations with other members regarding the terms of the resolution. We would maintain close liaison with Pakistan representatives, both here and in New York.

The Prime Minister asked about the timing of the introduction of the resolution in the Security Council. He observed that the British thought the Jarring report should be discussed before the resolution was introduced.

Mr. Rountree replied that we thought that the question of timing was primarily one to be worked out by the parties in consultation with the members of the Security Council. We had no strong views of our own and would go along with the views of the parties and the other Council members. Our only qualification was that we thought there should be sufficient advance notice of the holding of the hearings to enable adequate consultations to be held to organize the session properly. At least a week would be required for this purpose. We understood that Foreign Minister Noon believed that discussions in the Council should not be initiated until the end of August.

The Prime Minister indicated that late August might be satisfactory to the Pakistanis for the initiation of the discussions on Kashmir but expressed doubt that they should be deferred after that date.

The Prime Minister said that he wished to speak a moment about India before saying goodbye. The instability of East Bengal was entirely the result of Indian-inspired subversion. If the Americans had not yet learned to recognize the Indians in their true colors, they were bound to do so in time. India's neutralism was called "positive neutralism" by Nehru; the Prime Minister preferred to call it "offensive neutralism". (Mr. Husain then showed an intelligence map⁴ purporting to demonstrate that three-quarters of the Indian army was ranged along the border of West Pakistan facing Pakistani forces of one-fourth their strength.)

Concluding the meeting, the Secretary declared that he had spoken with utmost frankness on all topics covered in the conversations; it had been a great satisfaction to have such frank talks with the Prime Minister. The Prime Minister expressed his appreciation to the Secretary for the very helpful discussions.

⁴ Not printed.

61. Special National Intelligence Estimate ¹

SNIE 50-57

Washington, July 16, 1957.

PROBABLE DEVELOPMENTS IN THE KASHMIR DISPUTE ²

The Problem

To estimate probable developments in the Kashmir dispute through early 1958, with particular reference to the likelihood of major military clashes or other disturbances.

Conclusions

1. Tensions between India and Pakistan over Kashmir will continue high during the next six to nine months, and the outlook is for a period of intensified political and diplomatic maneuvering by both countries. However, the likelihood of major hostilities remains small. (Paras. 11, 18)

2. Pakistan's probable failure to obtain significant concessions from India through the UN may lead it to consider more forceful measures for obtaining a satisfactory settlement, but it will probably conclude that the chances of success are not sufficient to justify the military and political risks. (Paras. 9, 14)

3. There is only a slight chance that major hostilities will develop through inadvertence or miscalculation, and, except in the event of major hostilities, the odds are against the outbreak of widespread communal disturbances. (Paras. 12-17)

4. In the diplomatic contest over Kashmir, the US will almost certainly be subjected to strong pressures from both sides, and is bound to incur some bad feelings in India and Pakistan. The Kashmir dispute will continue to be a major source of friction

¹ Source: Department of State, INR-NIE Files. Secret. Special National Intelligence Estimates were high-level interdepartmental reports appraising foreign policy questions that were of particular urgency. SNIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the members of the NSC.

² According to a note on the cover sheet of this SNIE, the following intelligence organizations participated in preparation of this estimate: CIA, and intelligence organizations of Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the IAC concurred with this estimate on July 16 with the exception of the representatives of the Atomic Energy Commission and the Federal Bureau of Investigation, who abstained on the grounds that the subject was outside their jurisdiction.

between India and Pakistan and an obstacle to the development of stability and economic strength in the area. (Paras. 19-21)

[Here follows the section entitled "Discussion."]

62. Telegram From the Embassy in India to the Department of State¹

New Delhi, August 22, 1957—9 a.m.

452. Subject: Pakistan's request for "Phase Two" military aid to "offset India's military build-up."

Deptel 166 of July 8² reports Pakistani representatives as stating they [*that?*] they wish plan for second phase in Pakistan's military development, "necessitated by India's military build-up", arguing that Pakistan would be unable contribute to area's defense against Communist aggression unless also able defend themselves against India. They made it clear that Phase Two military items would be separate and distinct from their requirements deriving from their responsibility under the Baghdad Pact.

I have refrained from commenting on this telegram pending receipt of memorandum of conversation, which has now come.

It seems to me that the situation disclosed by this talk, when put together with attitudes here, presents a very serious situation. Pakistan is planning a build-up to counter Indian strength. The Indians appear almost pathologically afraid of Pakistan, despite their superior numerical strength, and are building up their air and naval strength to offset our aid to Pakistan.

So what we are now facing is an arms race between these two countries, contributed to in fact, though not in intent, by our military aid to Pakistan. I fully agree that our military aid to Pakistan is necessary and right in terms of equipping her to discharge her responsibilities under the Baghdad Pact and SEATO. But it is quite another matter for us even to consider providing her with military aid specifically designed for use as an offset to Indian strength. This would inevitably become known.

I was glad to see from the memo of conversation dated July 12 that the Secretary had implied disapproval of this type of arms race.

¹ Source: Department of State, Central Files, 790D.5-MSP/8-2257. Secret; Priority. Repeated to Karachi.

² Not printed. (*Ibid.*, 033 90D11/7-1857)

The greatest single liability that the US has in its relationship with India is the fact of arms aid to Pakistan. We have been able thus far to convince Indian leaders that this aid is not directed against India, though they believe that the Pakistanis want to use it against them. They do, I believe, accept the fact we would strongly disapprove and try to prevent any such use. However if we do give military aid to Pakistan in response to a specific request for its use as a counter to India and in amounts admitted to be in excess of Pakistan's needs to meet her collective security obligations, our whole case with India will fall to the ground, their worst fears will be realized, and our influence here will be greatly lessened.

I therefore hope most sincerely that the Department will make it clear to the Pakistanis that while we will give aid to help Pakistan discharge her collective security obligations, we will not consider military aid when requested purely as a counter to India, nor will we either speed up or extend our current MDAP to them beyond collective security requirements.

At the same time, I believe we should be justified in cautioning the GOI that its build-up in bombers and navy is bringing us under increasing pressure to extend our aid to the GOP, since the Pakistanis feel that Indian military superiority is thereby increasing too much. We might say that the extent of this Indian build-up seems to us to have the Pakistanis genuinely worried, on the ground it is going beyond purely defensive needs.

Bunker

63. Telegram From the Department of State to the Embassy in India ¹

Washington, October 21, 1957—6:18 p.m.

1030. For Ambassador. Following is uncleared NEA paper on possibility achieving reduction in tensions between India and Pakistan. ² Desire your comments before presenting to Secretary.

¹ Source: Department of State, Central Files, 690D.91/10-2157. Secret; Limited Distribution. Drafted by Rufus Burr Smith, Officer in Charge of Economic Affairs, SOA, and by Rountree. Also sent to Karachi.

² The uncleared NEA paper on which this telegram was based was a draft memorandum from Rountree to the Secretary dated October 15. The paper, prepared at the suggestion of S/P, was drafted by Smith and Buckle of SOA and by Henry

Issues:

1. Number major problems confront India and Pakistan. These include need to achieve (a) moratorium on arms race (b) workable division Indus waters (c) solution Kashmir issue. In addition both countries facing great difficulties attempting to increase, or at least maintain, economic development programs.

US Interest:

2. All these problems, indirectly, affect US. All interrelated. India's request financial assistance and high level of US aid Pakistan combine to offer US opportunity approach both countries in attempt help them progress toward settlement disputes. Amjad Ali's suggestions for such approach add to opportunity.

Alternative Approaches:

3. Two alternative methods achieving progress on issues paragraph 1 might be envisaged: (a) agreement to halt present arms race, which would reduce tensions between two countries, followed eventually by agreement on Kashmir and Indus waters. May be that last two issues difficult resolve separately because resolution could require offsetting concessions by India and Pakistan: (b) package solution involving all three issues (arms, Kashmir, Indus waters). Interrelationship of issues is such that "package" solution is preferable, may be more practicable.

Agreements Desired:

4. Whichever approach adopted, we should seek bring about: (a) Immediate agreement limit armed forces to something like present levels, possibly coupled with inspection against surprise attack. Precise level and timing of arms limitation to be worked out with Defense prior presentation, in order assure fulfillment Phase I commitment in Pakistan and maintenance minimum Pakistani force consistent Baghdad Pact-SEATO requirements. (b) Settlement Indus waters dispute by India assuring Pakistan continued flow water adequate meet 1947 requirements and by joint development new water resources with division added resources between countries as originally suggested by Lilienthal.³ Such development under direc-

Owen of S/P. A copy of the memorandum was sent by Owen to C. Douglas Dillon on October 22. (*Ibid.*, 690D.91/10-2257)

³ David E. Lilienthal, former Director of the Tennessee Valley Authority and Chairman of the U.S. Atomic Energy Commission, wrote an article in 1951 ("Another 'Korea' in the Making?", *Collier's*, August 4, 1951, p. 22), emphasizing the importance

(Continued)

tion Joint Waters Board, established and financed by both countries with neutral participation. (c) Settlement of Kashmir by both countries agreeing to Pakistan's ownership of Azad-Kashmir and India's of Jammu, with plebiscite in ten years for Vale of Kashmir, or by permanent partition along present dividing line with minor, mutually agreeable, adjustments in Pakistan's favor to compensate for India's retention of vale. Latter probably more practicable.

US "Package":

5. US "package" assuring peace in area and definite aid level for period of years would enhance negotiability of overall settlement. "Package" might include (a) Assurance to Pakistan its total level military and economic aid not adversely affected by arms limitation with any decrease in military aid funds being made good by increase economic aid during period five year development plan. (b) Large-scale economic development loan or loans to India covering Five Year Plan requirements for capital assistance over next three years. Agreement to settlement should not be prerequisite to aid since it will be in US interest provide aid any event. Congressional reaction to Executive Branch request for aid more favorable if there is prospect of improved relations between India and Pakistan. This could be frankly pointed out. (c) Assurances Executive Branch prepared negotiate PL 480⁴ sales both countries during next three years if Congress provides adequate continuing PL 480 authority. We should wish negotiate sales in any event but statement of intent might be helpful in connection our initial approach. (d) US support IBRD loan assist joint development Indus waters area in accordance with agreement on such development between India and Pakistan. (e) Public statement by President re defense of India and Pakistan against aggression similar to Secretary's earlier assurance to India.

Tactics:

6. Manner in which total settlement is proposed by US as important to success as contents. Utmost secrecy desired long as possible. Initial approach through informal call on Prime Minister of

(Continued)

of the canal waters dispute and suggesting that the problem might be solved on the basis of an overall plan providing for the most efficient utilization of the waters available from the Punjab rivers system. Eugene Black, head of the IBRD, had then attempted to use Lilienthal's plan as a basis for reaching an agreement between India and Pakistan. Additional documentation on this subject is printed in *Foreign Relations*, 1951, vol. VI, Part 2, pp. 1807 ff.

⁴P.L. 480, Agricultural Trade Development and Assistance Act (68 Stat. 454), approved on July 10, 1954, was designed to help dispose of U.S. agricultural surpluses by increasing the consumption of U.S. agricultural commodities abroad.

each country by US Ambassador. Ambassador indicate that President very concerned over economic conditions each country and growing arms race between them. Since US considers itself friend each country, it wishes offer good services in attempting correct situation. US conceived progress might be made through (a) agreement which linked all outstanding issues or (b) agreement on arms limitation which would reduce tensions and permit subsequent progress other issues. US prepared assist in exploring whichever alternative most promising to two governments. Prime Ministers' initial reactions would be received. Ambassador then state that if both nations receptive general approach, President be happy discuss idea further with Prime Ministers. If they preferred, he would send trusted representative explore matter further.

Special Problems:

7. Two special problems must be kept in mind during negotiation: (a) Lack of mutual confidence between two. This makes it difficult negotiate even agreements which both countries believe in their interest. (US initiative and proposed security assurance might help bridge gulf.) (b) Reactions of Baghdad Pact and SEATO nations to US advocacy of arms limitation which would affect one of its allies. (Could be countered with frank, secret statement by US Ambassador to government involved, explaining our military assessment of situation, i.e. that arms limitation with concomitant easing tensions would actually strengthen ability Pakistan where area defense concerned since it would free most of Pakistan's military strength, which now pinned down along India border.)⁵

Dulles

⁵ In telegram 934 from Karachi, October 24, Ambassador Langley commented that the NEA paper was in his opinion "excellently organized". He suggested that secrecy would be necessary during any negotiations. (Department of State, Central Files, 690D.91/10-2457)

In telegram 1225 from New Delhi, November 6, Ambassador Bunker stated that the Embassy believed that sustained efforts to reduce tensions between India and Pakistan deserved the highest priority and that it welcomed the NEA paper. He made specific comments regarding the various aspects of the proposed plan, agreed with the substance of the NEA paper, and suggested certain modifications. (*Ibid.*, 690D.91/11-657)

**64. Memorandum of a Conversation, Department of State,
Washington, October 30, 1957¹**

SUBJECT

Foreign Minister Noon's Further Request for US Assurance of Support to
Pakistan in the Event of Aggression by India

PARTICIPANTS

Mohammed Ali, Ambassador of Pakistan
William M. Rountree NEA
Garrett H. Soulen, SOA

The Pakistan Ambassador called on Mr. Rountree to give him Foreign Minister Noon's reaction to discussions held in the Department on October 29.²

The Ambassador stated that Foreign Minister Noon had been quite disappointed over the negative reply he had received to his request of late September that the United States issue a public declaration guaranteeing Pakistan's political independence and territorial integrity against aggression by India. The Foreign Minister wished to make two counterproposals:

1. That the Secretary of State give him written assurance that the United States would support Pakistan in case of any aggression against his country. Such written assurance would be given no publicity. It would be used only to reassure the new government of Pakistan³ that United States interest in Pakistan was based upon the country and the Pakistani people rather than upon personalities such as ex-Prime Minister Suhrawardy.

2. In this same context of assuring the new Pakistan Government the Foreign Minister wished to suggest that the United States enter into a mutual defense pact with Pakistan.

¹ Source: Department of State, Central Files, 690D.91/10-1957. Secret. Drafted by Soulen.

² Those discussions concerned a recent request by Pakistani Foreign Minister Malik Firoz Khan Noon that the United States make any new aid to India dependent on two conditions: (1) that India conclude "just and equitable settlements of her two outstanding disputes with Pakistan," and (2) that the United States "allay the apprehensions of its ally by guaranteeing its political independence and territorial integrity against aggression by India." (Letter from Noon to Dulles, September 26; *ibid.*) During his meeting with Mohammed Ali, Rountree informed the Ambassador orally of Dulles' response to Noon's request. The Secretary, he explained, wanted to assure the Foreign Minister that in considering any request by India for aid, the United States would keep the legitimate interests of Pakistan clearly in view. Should a formal Indian request for aid be received, however, it would not be feasible for the United States to depart from its firmly established policy of not tying political strings to its economic aid. (Memorandum from Bartlett to Rountree, October 29, and memorandum from Rountree to Dulles, October 19; both *ibid.*, 690D.91)

³ Ismail I. Chundrigar became Prime Minister of Pakistan on October 18.

The Ambassador, in answer to a question, stated that to the best of his knowledge this further request for U.S. assurance by the Foreign Minister originated with Mr. Noon and was not based upon a considered opinion of the Government of Pakistan that it needed such an assurance.

The Ambassador stated that Mr. Noon had been highly appreciative of Secretary Dulles' statement regarding SEATO and U.S. support for local armies. Mr. Noon had instructed him to inform the Department that the Government of Pakistan would welcome any magnitude of expansion of U.S. support to the Pakistan army on the firm understanding that such Pakistani troops would be available for use by the United States anywhere in the world. Two divisions could be raised easily. The Ambassador, in answer to a query, stated that Mr. Noon's offer had not been cleared with his Prime Minister.

Mr. Rountree stated that he would only be able to make general observations at this time to Mr. Noon's further requests or suggestions. He pointed out to the Ambassador that U.S. policy regarding aggression of any sort, in any part of the world, was certainly well-known having been demonstrated on numerous occasions. As to formalizing an agreement such as a mutual defense pact between Pakistan and the United States, Mr. Rountree observed that such agreements are really treaties; they require time-consuming, detailed negotiations. He told the Ambassador that he would relay Mr. Noon's request and suggestions to the Secretary and would get in touch with the Ambassador on these subjects as soon as possible.

As the Ambassador was being escorted to his automobile, he suggested to the Departmental officer accompanying him that a further alternative to Mr. Noon's request for written assurances of U.S. support in case Pakistan were attacked would be for the Secretary to arrange an appointment to see Mr. Noon prior to the latter's departure for Pakistan, now tentatively scheduled for early November. The Ambassador said this suggestion was his own. However, he was sure Mr. Noon would be most appreciative if, as a result of such a meeting, he could return to his new government in Karachi and assure them of continuing U.S. support and interest in Pakistan.

65. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, November 7, 1957—5 p.m.*

1056. Reference: Deptel 1156.² Believe there no truth in Indian allegations Pakistanis planning military action. No evidence in private conversation with GOP officials that Pakistanis contemplating resort to force and public statements new government on Kashmir issue and Indo-Pak relations notably mild.

Army Attaché³ on recent visit to Punjab and Azad Kashmir saw no signs troop dispositions indicating preparations for attack. Furthermore as recently as October 31 Army Attaché had long conversation with Pakistan military intelligence chief on Kashmir problem during which he detected absolutely no indications GOP planning such move. On contrary Pakistan army somewhat worried by substantial reinforcements they say India has recently sent to border.

General Ayub told Chief MAAG army section Rawalpindi November 4 that Pakistan intelligence has evidence Indians expect Pakistan attack Amritsar area early December. General Ayub stated flatly Pakistanis did not intend attack this December or any other. Thought Indian reinforcements might be intended provoke Pakistan attack.

Also stated Pakistan army pleased with disposition Indian troops and intended make small demonstrations in border areas by small commando actions to hold Indians in present positions. Believe GOP will see danger in this and veto any such action.

Kashmir already snowbound by earliest winter in 50 years. (New Delhi's 1184).⁴

Comment: Suspect India pursuing usual delaying tactics re Kashmir.

Langley

¹ Source: Department of State, Central Files, 690D.91/11-757. Secret; Priority; Limited Distribution. Repeated to New Delhi; passed to USUN.

² In telegram 1156, November 6, the Department informed the Embassy of recent Indian intelligence disclosures that Pakistan was planning a military action against India. The Department explained that it had no information which would lend support to the Indian allegations and requested the Embassy's comments. (*Ibid.*, 690D.91/11-257)

³ Colonel Clarence E. Beck.

⁴ Dated November 4, not printed. (Department of State, Central Files, 690D.91/11-457)

66. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, November 9, 1957—3:08 p.m.

1200. Ref Deptel 403 to USUN² rptd London 3217 New Delhi 1183 Karachi 1114. Deliver following message from President to Prime Minister Chundrigar:

"Dear Prime Minister: Thank you for your message of October 29 dealing with the Kashmir issue in the Security Council.

The Secretary of State has kept me informed of the course of the discussions over the past several months and at present between our representatives. These discussions were fully taken into account in arriving at this Government's position as outlined in the United States representative's recent speech in the Security Council.³ Our entire position, however, has again been reviewed in the light of your message. In view of the report before the Security Council submitted by the Swedish representative on that body, our already announced position and the views of other members of the Security Council, it seems certain that the Council cannot avoid some reference in its resolution to the present status of the cease-fire order.

However, I fully believe that, if the Council does adopt a position in accordance with that outlined by our representative, such action will constitute a definite step forward. I wish to assure you that I shall follow the developments on the Kashmir dispute in the Security Council with continuing deep interest and with trust that any progress toward ultimate solution of the problem cannot but be welcome to both Pakistan and India.

The basic objective of the Government of the United States remains, as always, a just and peaceful solution of a problem of such

¹ Source: Department of State, Central Files, 690D.91/11-957. Secret; Priority; Presidential Handling. Drafted by Soulen, cleared with Goodpaster and Fisher Howe, and approved by Christian A. Herter, Acting Secretary of State. Repeated to London, New Delhi, and USUN.

² In telegram 403, November 1, the Department transmitted the text of a letter from Prime Minister Chundrigar to President Eisenhower, dated October 29. Chundrigar had sent an identical message to British Prime Minister Harold Macmillan. The Pakistani Prime Minister objected to certain aspects of a U.S.-British draft resolution which was then being circulated among Council members. (*Ibid.*, 690D.91/11-157) The resolution, jointly sponsored by Australia, Colombia, the Philippines, the United Kingdom, and the United States, was subsequently introduced in the Council in its original form on November 22 by U.S. Deputy Representative James J. Wadsworth. It called upon Graham to make any recommendations to the Council which he considered desirable in connection with his previous reports, the UNCIP resolution of August 13, 1948, and the Jarring report, with a view toward reaching in particular an agreement on reduction of forces to a specific number on each side of the cease-fire line. The resolution further called for both India and Pakistan to cooperate with Graham by formulating an early agreement on demilitarization procedures which should be implemented within three months of such an agreement being reached. (U.N. doc. S/3911)

³ The text of this speech, delivered by Wadsworth, is in U.N. doc. S/PV. 797, October 25, 1957.

importance to the future of the Subcontinent. In the absence of a solution through direct negotiations, I believe that the only constructive course of action lies in the implementation of the Security Council's basic resolutions. This I feel certain is in accordance with your own Government's objectives. Sincerely, Dwight D. Eisenhower."

Herter

67. Editorial Note

On November 12, Assistant Secretary Rountree sent a memorandum to Secretary Dulles concerning the relationship between the India-Pakistan disputes and a proposed economic aid program for India. This memorandum is printed as Document 181.

68. Memorandum From Arthur Z. Gardiner of the Office of South Asian Affairs to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree)¹

Washington, November 15, 1957.

SUBJECT

"Package Deal"—Pakistan-India

My views on the proposed "package deal" designed to ease tensions between Pakistan and India follow:

1. I think that economic and military aid should be linked to specific objectives, including settlement of the canal waters dispute.

2. I think that in the Kashmir case, which involves not only India and Pakistan but also Kashmiris and the United Nations, a change in our policy abandoning a course to a U.N. plebiscite would:

A. Cause serious trouble in Pakistan, if proposed to the Pakistanis.

¹ Source: Department of State, SOA Files: Lot 60 D 545, India-Pakistan Relations. Secret.

B. Run counter to the principle that the Kashmiris themselves should have a voice in their future.

C. Denigrate the position of the United Nations.

In any case I doubt that the leaders of Pakistan ever could or would agree to abandon the claim of self-determination for the peoples of Kashmir.

3. As the IBRD now is working on a new plan for over-all development of the waters of the Indus Basin, I think their technical work should proceed to certain tentative conclusions at least before the United States takes any position. It should be made clear to India and to Pakistan that in furnishing them with present or future financial assistance, we expect they will cooperate with the bank's plan and with its execution.

4. The "arms race" is at least in part conditioned by the U.S. commitment made to Pakistan in October 1954. It appears to me that the preferable course would be to work with the Pakistanis on their military budget and related matters, with a view towards reduction of our future liabilities. Any reduction in the military program to Pakistan should, in view of the intimacy of the relationship, be discussed with Pakistan prior to any conversations with India on this subject. It would be an error to fail to recognize that our relationships with Pakistan in matters of this kind are more intimate than our relationships with India.

5. In general, it is my judgment that an over-all settlement of all issues cannot be worked out, as the Kashmir problem is intractable. It follows that we should not commit the prestige of the U.S. to a course of action (the package deal) which has little chance of a successful outcome. Sooner or later the fact of the proposed intervention would leak out, and we should then be faced with a public failure.

69. Telegram From the Embassy in India to the Department of State ¹*New Delhi, November 22, 1957—2 p.m.*

1355. Re Kashmir and Deptel 1339;² repeated from USUN November 19. Extreme Indian reactions to US-UK draft resolution were to be expected and indicate proceeding with idea of revived Graham mission as presently drafted unlikely to be productive. Krishna Menon's recent speeches in SC, beginning with his October 9 presentation,³ made abundantly clear India's opposition to idea of Graham mission and proposals for demilitarization-cum-plebiscite. Menon's position has had and continues to have complete support of GOI. No dissenting voices have been heard anywhere to substance Menon's position although some regret voiced over his insulting mannerisms and personal attacks on certain other countries and delegations. Conditions laid down in Menon's October 9 speech so extreme that they seem designed to tell Pakistan there is not hope of obtaining any results through UN; for example, he emphasized that Kashmir is not "no-man's land" but under Indian sovereignty which can only be removed by "war or agreement". Whether we like it or not there is every prospect that GOI will continue adamant on this issue. But that does not rule out possibility of India accepting general settlement which would involve partition of Kashmir.

We have impression GOI views possibility Soviet veto without pleasure and does not thank sponsors' of resolution which gives USSR that opportunity.

From here it continues seem highly unlikely that any real solution can be worked out in Security Council. Perhaps best that can be done is to freeze Kashmir issue for time being, leaving question of moral and legal rights in state of suspended animation, while other avenues of settlement are explored. It is important, therefore, to allow time for effort to resolve package of Indo-Pakistan problems through mediatory efforts of US along lines under consideration by Department.

If foregoing represents US objective tactical problem is to find best form in which to let matter rest while pursuing mediatory efforts. We agree that US should not submit watered-down resolu-

¹ Source: Department of State, Central Files, 690D.91/11-2257. Secret; Priority; Limited Distribution. Repeated to Karachi, Bombay, Calcutta, and Madras.

² Telegram 1339, November 19, repeated telegram 503 from New York, November 18, in which Lodge reported that the Indians were strongly opposed to the U.S.-British draft resolution. (*Ibid.*, 690D.91/11-1857)

³ U.N. doc. S/PV. 795.

tion immediately after Soviet veto. We also agree that action suggested (1) (D) in reference telegram⁴ preferable and that it would be least damaging to us here in India. Probably best procedure from GOI viewpoint would be for SC to refer question of accession to ICJ. From US viewpoint this would serve to freeze Kashmir issue for considerable length of time and yet keep in reserve weapon of possible further UN consideration as lever to use with both India and Pakistan in any private mediatory efforts we may undertake.⁵

Bunker

⁴ Lodge suggested that, if the Kashmir question were referred to the General Assembly without its deseizure by the Security Council, the Assembly could not then adopt any resolutions regarding the dispute.

⁵ In telegram 517 from New York, November 22, Wadsworth stated that he was "absolutely convinced" that the Security Council would never be able to bring about Indian acquiescence in a plebiscite for Kashmir. "Continued discussion of Kashmir in SC now injures our relations with India," he noted, "and will have little real future value for Pakistan, since it now seems clear Soviets will veto any proposed Council action which moves towards holding of plebiscite." In the long run, he pointed out, the United States would be in an easier position with India and Pakistan if the Kashmir problem was transferred to the General Assembly. Wadsworth believed that if any real solution to the dispute could be found, it would necessarily be accomplished by secret mediation efforts carried on by an appropriate third party, such as the British, the Canadians, or the Americans; it would probably have to be a solution based substantially on the status quo, he emphasized. (Department of State, Central Files, 690D.91/2257)

70. Memorandum of a Conversation, Department of State,
Washington, November 23, 1957¹

SUBJECT

SC Consideration of Kashmir Problem

PARTICIPANTS

Mr. Feroz Khan Noon, Foreign Minister of Pakistan
Mr. Mohammed Ali, Ambassador of Pakistan
Mr. M.S.A. Baig, Secretary of the Ministry of Foreign Affairs, Pakistan
The Secretary
NEA—Lampton Berry
SOA—Frederic P. Bartlett

Regarding the current consideration of Kashmir in the Security Council, the Secretary noted that the United States had collaborated closely with the Pakistan representatives, but not with the Indian. The United States had special ties with Pakistan. The United States also thought Pakistan had a meritorious case. Actually the Soviets had threatened to use their veto only to gain credit with India. Although the Secretary himself thought that the ultimate solution to the problem would only be through quiet, diplomatic action, this did not mean that the United Nations should not try to be helpful in creating and strengthening the right kind of public opinion.

In the Secretary's view the present resolution should be pushed to a Soviet veto. It should not be rewritten, for a veto would put India in an awkward position in relation to world opinion and, therefore, Pakistan would be the one to gain from it. After a veto Pakistan must be its own judge as to whether to introduce another resolution or to have one introduced for it, but a weak resolution would be bad. The Secretary would not himself compromise on a "milk-sop" resolution because the objective of the present Security Council action is to create a favorable and strong world opinion looking toward the eventual solution of the Kashmir problem. Yet the Secretary explained that actually the Security Council—no matter what action it took, whether its resolution was hard or soft—could not really solve the Kashmir question as long as the GOI basically disagreed with the Security Council's approach.

Whether Pakistan should eventually bring the matter to the General Assembly was an important question. It would be necessary, before deciding it, to count potential supporters carefully because a new GA resolution might well wipe out the protection which Pakistan currently enjoys under the present UN resolutions. This

¹ Source: Department of State, Central Files, 690D.91/11-2557. Secret. Drafted by Bartlett.

was a definite risk. The Secretary did not know the answer. India, he speculated, might be able to command only 25 or so votes, but on the other hand Pakistan might not be able to muster the necessary two-thirds. The Secretary did not feel qualified to give the Foreign Minister any advice on this matter, except that he certainly would not recommend going precipitously to the General Assembly and then thinking it over afterwards. Naturally, if the United States representatives could be helpful in assessing the voting position in the GA, they would be glad to do so, but Pakistan must take the primary responsibility for evaluating the situation, particularly as regards the voting possibilities of the Afro-Asian bloc. Pakistan should not, the Secretary repeated, make any final decision until it had thought through the whole problem thoroughly.

The Foreign Minister thanked the Secretary for his valued views.

71. Memorandum of a Conversation, Department of State,
Washington, November 23, 1957¹

SUBJECT

Kashmir and Aid to India

PARTICIPANTS

Mr. Feroz Khan Noon, Foreign Minister of Pakistan
Mr. Mohammed Ali, Ambassador of Pakistan
Mr. M.S.A. Baig, Secretary of the Ministry of Foreign Affairs, Pakistan
The Secretary
NEA—Lampton Berry
SOA—Frederic P. Bartlett

Reviewing briefly the fears of Pakistan vis-à-vis India, Mr. Noon noted that on partition the United Kingdom Government had given India practically all of the former British arsenals and weapons then in India. The Pakistan army at that time did not even have enough small arms to equip its infantry soldiers. Then the United States and Pakistan entered into their military aid agreement and Pakistan was reassured against the ever present threat from India. Now, however, India was expanding its armaments on a very large scale. The Foreign Minister believed that part of this build-up by

¹ Source: Department of State, Central Files, 690D 91/11-2357. Secret. Drafted by Bartlett.

India had been made possible through United States economic assistance to that country which in turn permitted India to divert its own resources to military procurement. In these circumstances, the Foreign Minister asserted, it was not sufficient for the United States just to say: "We'll help you; we'll help you". What the United States should actually do was to bring pressure on India to stop its military build-up by refusing to give further aid to India until that country settled the Kashmir issue in accordance with the decisions of the United Nations.

Mr. Noon maintained that the Soviets' stock had gone up in the East thanks to its veto on the Kashmir issue. This was because Asians believe it is natural to make peace with the devil himself, since he will destroy you, provided the other side is represented by a gentleman. The Russians wanted only to increase tensions in the area over Kashmir and this must be countered by the United States helping the Security Council to retrieve its position.

Regarding attaching conditions to our aid to India, the Secretary was convinced that it was good for the world to have a great power like the United States which was determined not to sell its veto power to the highest bidder. This, of course, was what the Soviets were doing with their veto in the Kashmir situation. It was also good to have a world power which maintained a consistent position and which did not shift sides for momentary advantage. It would of course be gratifying to the friends of the United States if this country could go along with them 100% on all issues—and the Indians are our friends too—but this might not promote the basic conditions for bringing about true peace with justice in such a complex situation as Kashmir.

Thus this government cannot attach political "strings" to United States economic assistance to India; such assistance was itself important for the free world. This stand, however, did not mean that the United States could not let the GOI know that in the opinion of the United States Government the GOI should fulfill its commitment to settle the Kashmir problem along the lines of the UN resolutions. The GOI could also be informed that in the opinion of the United States Government it was unwise of them to spend their scarce foreign exchange in buying bombers or other comparably expensive equipment.

The GOI, indeed, was using an incorrect representation regarding the effect of American military aid to Pakistan in an effort to persuade world opinion that it was thereby being forced to secure counter-balancing armaments from elsewhere. The Secretary had

told Bevan² himself that this was not correct and that the GOI was using American arms aid to Pakistan as a pretext to justify their own build-up.³

² Aneurin Bevan, Treasurer of the British Labour Party and Member of Parliament.

³ In another conversation with Dulles that same day, Noon requested a statement from the United States that it would defend Pakistan in the event of an Indian attack. Dulles replied that Pakistan should really not feel any concern regarding aggression and mentioned in this regard SEATO, the Baghdad Pact, the United Nations, and the Congressional Resolution on the Middle East. (Memorandum of conversation by Berry, November 23; Department of State, Central Files, 790D.5-MSP/11-2357)

72. Editorial Note

On November 27, Sweden introduced a number of amendments to the five-power resolution of November 22 which deleted any reference to the previous reports of Graham and Jarring. The Swedish amendments also requested Graham to make any recommendations to India and Pakistan looking toward the implementation of the UNCIP resolutions of August 13, 1948, and January 5, 1949, and recommended the deletion of any reference to formulating an agreement on demilitarization to be implemented within 3 months of the agreement. (U.N. doc. S/3920)

On December 2, the sponsors of the joint draft resolution indicated that they welcomed the Swedish amendments. The amendments were then adopted by the Council that day by a vote of 10 to 0 with 1 abstention (the Soviet Union). (U.N. doc. S/3922)

73. Memorandum From the Director of the Office of South Asian Affairs (Bartlett) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree)¹

Washington, December 27, 1957.

SUBJECT

Your Pending Conversation with Mr. Sprague Regarding the Proposed "Package" Project to Ease Tension Between India and Pakistan

On December 23, 1957 you transmitted to the Honorable Mansfield D. Sprague, Assistant Secretary of Defense for International Security Affairs, a copy of NEA's memorandum regarding a possible "package" approach to the Governments of Pakistan and India with a view toward attempting to resolve the principal areas of conflict presently existing between these two countries. In your letter of transmittal you suggested to Mr. Sprague that you would like to discuss the proposal with him as soon as possible.²

The basic purpose of your meeting with Mr. Sprague would be to prepare the ground for eventually securing the consent of the Department of Defense to the military portion of the package. This, you will recall, involves both Pakistan's and India's limiting by mutual consent their military build-up and thus in effect controlling the present unfortunate arms race in which they are both indulging.

In presenting the Department of State's view on this aspect of the "package", you might wish to point out to Mr. Sprague that we have included arms limitation in the package for three principal reasons:

1. As long as Pakistan fears India's military posture and intentions, Pakistan's divisions, newly armed by the United States, will in effect be tied down to protecting West Pakistan's eastern frontier and therefore unavailable for regional defense. This was clearly indicated even before our military assistance to Pakistan when, during the Korean war, Pakistan through fear of India was unwilling to send troops to Korea unless the United States was willing formally to guarantee Pakistan against possible Indian aggression. Thus the United States Government was at that time unwilling to do so that no troops were sent. With the Pakistan-Indian military position stabilized and with each country reassured of United States support in the event of aggression by the other, the Pakistan Army, Navy and Air Force would in effect be freed to perform the mission for which we have armed them. Thus the ending of the present arms race between the two countries would actually strengthen rather

¹ Source: Department of State, Central Files, 690D.91/12-2757. Secret. Drafted by Bartlett.

² Not printed. (*Ibid.*, 690D.91/12-2057)

than weaken Pakistan's military position as a member of the Baghdad Pact.

2. The immediate threat, particularly to India, but also to Pakistan, is more that of communist subversion than overt military action by the USSR or Red China. A sound economy is one of the best protections against such subversion, yet both India and Pakistan by indulging in an arms race between themselves are diverting domestic resources, badly needed for economic development, to unproductive military purposes. The Finance Ministers of both countries, but especially of Pakistan, have recently acknowledged and deplored this situation.

3. If Mr. Nehru could be presented with the challenge to arrange an armament limitation scheme between his country and Pakistan, he might have driven home to him some of the practical difficulties which we face in the larger East-West disarmament problem, and might, therefore, take a more appreciative attitude towards our basic position on disarmament than he has taken previously. If this were the case, his influence could be helpful to our larger objectives.

UNITED STATES POLICY CONCERNING THE DISPUTE BETWEEN INDIA AND PORTUGAL OVER GOA ¹

74. Editorial Note

The objective of United States policy in the dispute between India and Portugal over Goa was to encourage a peaceful settlement and thereby preserve and strengthen friendly relations with both countries. Portugal was a NATO Ally in whose territories the United States maintained, and wished to expand, military bases. The United States perceived India, the largest power in South Asia, as a friendly neutral country with which the United States and the Soviet Union were each working for closer ties. Major documentation on United States policy on Goa is in Department of State, Central Files 653.9113, 753.13, and 753D.00; *ibid.*, EUR Files: Lot 59 D 108; *ibid.*, Conference Files: Lot 62 D 181, CF 830; and *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199.

¹ For previous documentation on this subject, see *Foreign Relations*, 1952-1954, vol. vi, Part 2, pp. 1723 ff.

UNITED STATES INTEREST IN PROMOTING
PEACEFUL RELATIONS BETWEEN
AFGHANISTAN AND PAKISTAN; UNITED
STATES CONCERN OVER THE
PUSHTUNISTAN DISPUTE; UNITED STATES
INTEREST IN COUNTERING SOVIET
INFLUENCE IN AFGHANISTAN ¹

75. Telegram From the Department of State to the Embassy
in the United Kingdom ²

Washington, February 4, 1955—11:56 a.m.

3998. Embtel 3209. ³ January 26 UK Embassy delivered aide-mémoire ⁴ expressing view Afghan acceptance Soviet aid motivated largely by desire secure Soviet support for Pushtunistan campaign and also extort all possible economic aid from West. Memo cites Russian experts now in Kabul, Soviet agents reported visiting Afghan agent in Pakistan tribal areas and suggests GOA be advised not to count on Western powers intervening at last moment rescue them from ill-considered policy vis-à-vis Soviets. Memo suggests US warn GOA not to expect US aid until its attitude as reflected in press and radio shows greater restraint toward Western nations. UK would give fullest support to such representations. Afghans should be told Pushtunistan campaign unjustified and damaging Afghan interests.

¹ Continued from *Foreign Relations*, 1952-1954, vol. xi, Part 2, pp. 1365 ff.

² Source: Department of State, Central Files, 689.90D/1-2155. Secret. Drafted by Thacher and approved by Jernegan. Also sent to Kabul and repeated to Karachi and Canberra.

³ In telegram 3209 from London, January 21, the Embassy informed the Department of State that British officials, upon instruction from the Foreign Office, would meet with Department representatives shortly to discuss the "continued intransigence of Afghanistan" in regard to the Pushtunistan problem.

⁴ Not found in Department of State files.

Department discussed orally with UK Embassy officer February 1⁵ describing approach we have recently undertaken to draw Afghans closer to Western powers (Deptel Kabul 210).⁶ UK representative informed we believe Afghans motivated principally by economic need in accepting Soviet assistance. Although initial Kabul reaction negative US continuing study possibilities this approach and thus not inclined for moment British suggestion for joint warning to Afghans, although not foreclosing eventual use such tactic. Department spokesman expressed also some doubts advisability warning Afghans not to expect Western powers intervene at last moment rescue Afghans from dangers involvement with Soviets since Afghans might interpret such warning as final gesture disinterest part of Western powers with result Afghans might turn resignedly towards Soviets to make best possible deal.

UK representative indicated British initiative this matter stimulated partly by interest Australian High Commissioner Karachi⁷ and by Pakistanis who urged on Menzies desirability some discussion Soviet penetration Afghanistan and Afghan attitudes towards Pakistan at London PMs conference⁸ where matter will in fact be considered. However for present UK asks we not inform Pakistanis of UK approach to Department. Agreed Department would stay in touch with British this question.

Australians sought Department's views situation Afghanistan but made no suggestions for *démarche* to Afghans. Australians informed in general terms our impression extent Soviet penetration and course action we considering to counter Soviet penetration.

Hoover

⁵ A memorandum of this conversation is in Department of State, Central Files, 689.90D/2-155.

⁶ Telegram 210 to Kabul, December 31, 1954, transmitted to Ambassador Ward the substance of a conversation between Secretary Dulles and Ludin. (*Ibid.*, 689.90D/12-3154) A memorandum of this conversation is printed in *Foreign Relations, 1952-1954*, vol. VI, Part 2, p. 1442.

⁷ Major General W.J. Cawthorn.

⁸ A meeting of the Prime Ministers of the British Commonwealth was held in London January 31-February 8, 1955. The final communiqué of the conference made no mention of Pakistan's relations with Afghanistan. (*Commonwealth Relations Office List, 1956* (London, H.M. Stationery Office), p. 34)

76. Letter From the Secretary of State to the United States Representative at the United Nations (Lodge)¹*Washington, February 15, 1955.*

DEAR CABOT: Thank you for your letter of January 20, reporting your talk with the Afghan representative to the United Nations.² Because of my vacation, this is the first opportunity I have had to reply and to bring you up to date on our thinking in this regard. Since we last exchanged views, however, you have received the recent NSC policy paper on Afghanistan.³

I share your concern over the Afghan situation. I do not, however, share the views of the Afghan government that the way to strengthen Afghanistan is to side with it against our ally Pakistan. To support the government in Kabul on the Pushtunistan issue would mean, in the last analysis, to abet the partition of another friendly country. Instead, we believe that the only sound basis for improving the situation is to foster cooperation between Afghanistan and its southern neighbor. This view, which is based on the NSC decision of last December, was given to the Afghans in an aide-mémoire which I am enclosing for your information.⁴ The initial Afghan reaction has not been favorable. However, the urgency of the problem requires that we consider providing assistance to cooperative economic projects which would draw the two countries together, strengthen Afghanistan's ability to resist Soviet enticements, and in this way bring Afghanistan closer to the West. To this end we are considering a \$30 million program for which we might be able to draw on the proposed foreign aid contingency fund. We have, however, turned aside for the moment the Afghan request for military aid, since it would probably create more problems vis-à-vis the Soviet Union than it would solve.

¹ Source: Department of State, Central Files, 689.90D/1-2055. Secret. Drafted by Fred L. Hadsel and approved by Allen.

² In this letter, Ambassador Lodge reported that during a courtesy call, Abdul Hussein Aziz, the Afghan Minister, informed him that the Afghans "could make good use of any American help, that they could work out a settlement of the Pushtunistan question effectively and that, of course, the Soviet influence was a constant threat and pressure." Lodge emphasized to Dulles that he continued "to be impressed with the urgent nature of the situation in this part of the world." He suggested that a solution to the Pushtunistan question "would be of such magnitude as to make it a gamble which might well be worth taking." (*Ibid.*)

³ The exchange of letters between the Secretary of State and Ambassador Lodge on November 8 and 22, 1954, is printed in *Foreign Relations*, 1952-1954, vol. XI, Part 2, pp. 1430 and 1433, respectively. The revised NSC policy statement of December 14 (NSC 5409) is printed *ibid.*, p. 1089; it was sent to Ambassador Lodge on January 11, 1955. (Department of State, Central Files, 689.90D/1-455)

⁴ Printed in *Foreign Relations*, 1952-1954, vol. XI, Part 2, p. 1443.

While we do not wish at this time to incur the risk of a strong Soviet reaction in Afghanistan nor to back the Afghans against the Pakistanis, we are most interested in drawing Afghanistan closer to the free world and intend to seize every reasonable opportunity for real progress in that direction.

Sincerely yours,

Foster

77. Editorial Note

On March 27, the Pakistani Government promulgated an "Emergency Powers Ordinance," which enabled the implementation of a plan to amalgamate the four provinces of West Pakistan into a single province. A variety of political and administrative factors motivated this "One Unit" plan, the most important of which was the need to balance the political relationship between East and West Pakistan.

Two days later Prime Minister Daud broadcast a speech over Radio Kabul in which he denounced Pakistan's action as a denial of the aspirations of the Pushtuns and promised the support of his government to its Pushtun brethren in Pakistan. On March 30, a mob attacked the Pakistani Embassy and residency in Kabul, inflicting severe damage and injuring several Pakistani employees. In addition, the mob lowered the Pakistani flag and hoisted a Pushtunistan flag in its stead. The American Embassy in Kabul, which noted that several unsuccessful attempts had been made to enter forcibly the cars of two United States citizens in that city, judged that the attacks were "quite evidently" both "inspired and sponsored" by the Afghan Government. (Telegram 392 from Kabul, March 30; Department of State, Central Files, 789.00/3-3055) On the following day, Afghan mobs carried out similar attacks on the Pakistani Consulates in Qandahar and Jalalabad, and on April 1, a Pakistani mob made a retaliatory attack on the Afghan Consulate in Peshawar. (Telegram 1377 from Karachi, March 31; *ibid.*, 689.90D/3-3155)

On March 31, the Pakistani Government delivered a note to the Afghan Minister in Karachi, protesting the assault on its Embassy in Kabul and demanding that Afghanistan (1) provide an explanation and apology, (2) make restitution for damages, (3) give assurances of adequate protection for diplomatic premises and persons in the

future, and (4) make proper amends for the dishonor done to the Pakistani flag. Afghanistan made similar demands with regard to its Consulate in Peshawar, and strongly protested the inclusion of Pushtunistan in the amalgamated province of West Pakistan. (Despatch 619 from Karachi, April 1; *ibid.*, 601.90D89/4-155)

78. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, March 31, 1955—5:07 p.m.

350. Embtel 392.² You should at your discretion convey at once to Naim US Government's deep concern at failure Afghan authorities provide adequate protection American citizens lawfully resident city of Kabul. You should seek assurances adequate measures will be taken full protection US citizens and property in Afghanistan in future.

Similar view will be conveyed Afghan Ambassador here following receipt report your conversation with Naim.³ Cable any further available details and your views significance this outbreak.⁴

Dulles

¹ Source: Department of State, Central Files, 789.00/3-3055. Confidential; Niact. Drafted by Thacher and approved by Jernegan.

² See the editorial note, *supra*.

³ In telegram 402 from Kabul, April 3, Ward reported that Naim expressed his own and his government's regrets for the incidents involving U.S. citizens and assured him that measures would be taken to protect U.S. citizens and property. Naim then requested that the "U.S. government lend its sympathetic and urgent good offices toward implementing amicable settlement Pakistan and Afghanistan disputes." (Department of State, Central Files, 689.90D/4-355)

⁴ In telegram 401 from Kabul, April 3, Ward presented the following analysis: "Daud's overall prestige and particularly influence with tribes inextricably intertwined with Pushtunistan issue and he has been one of most ardent pro-Pushtunistan firebrands since 1947 partition India. He probably regarded Pakistan Governor General's announcement imminent implementation West Pakistan one-unit plan (which would include territory he claims belongs Pushtunistan) as direct challenge his personal prestige as well as GOA position this issue. He therefore probably felt compelled make bold and dramatic gesture or suffer bad loss personal face." (*Ibid.*)

79. Telegram From the Department of State to the Embassy in Pakistan ¹*Washington, April 2, 1955—2:44 p.m.*

1512. Prior receipt Embtel 1377 ² Department authorized Ambassador Ward express to Government of Afghanistan deep concern over failure Afghan authorities provide adequate protection US citizens in Kabul and request assurances adequate measures will be taken in future for safety of US citizens and property. Upon confirmation that these views made known to Afghans Department plans call in Ambassador here to receive expression US concern. You may inform GOP that in accordance its request Ward also being instructed associate himself as he deems appropriate with Turkish Ambassador's protest Kabul. ³

Department's primary concern at moment is prevent further serious deterioration Pakistan Afghanistan relations which might well follow collision between headstrong GOA Prime Minister and aroused public and official feelings in Pakistan. Accordingly suggest as you deem advisable point out to GOP we have admired restraint it has exhibited to date in difficult situation and believe interests of peace on subcontinent and of free world will be best served by continuance attitude patience and restraint. We assume GOP doing everything possible prevent recurrence unfortunate retaliatory incident Peshawar reported Embtel 1386. ⁴

Dulles

¹ Source: Department of State, Central Files, 689.90D/4-255. Secret. Drafted by Thacher and approved by Jernegan. Repeated to Kabul.

² In telegram 1377, March 31, the Ambassador in Pakistan, Horace A. Hildreth, reported on two conferences he had had on March 30 and 31 with Pakistani Prime Minister Mohammed Ali and Foreign Secretary Sir Muhammed Zafrulla Khan, during which they informed him of the incidents in Kabul. The Prime Minister also asked the U.S. and Turkish Ambassadors to request their respective governments to protest the violation of diplomatic practices to the Afghan Government. (*Ibid.*, 689.90D/3-3155)

³ See *infra*.

⁴ Not printed. (Department of State, Central Files, 602.8990D/4-155) See Document 77.

The message contained in telegram 1512 was conveyed to the Pakistani Foreign Office on April 5, as reported in telegram 1410 from Karachi of the same date. During a subsequent conversation, Mirza Osman Ali Baig, the Acting Foreign Secretary, emphasized Pakistan's desire to retain a calm atmosphere and to refrain from breaking diplomatic relations. (Department of State, Central Files, 689.90D/4-555)

80. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, April 2, 1955—2:44 p.m.

357. 1. In your discretion you may in manner you deem appropriate associate yourself with protest reportedly made by Turkish Ambassador on behalf Diplomatic Corps as defined Karachi's 1377.²

2. Embtel 392.³ Department's primary concern at moment is to do whatever possible prevent further serious deterioration Pak-Afghan relations with possible dangerous consequences peace sub-continent and US security interests in area.

Accordingly request when and as you deem appropriate you seek interview with Prime Minister and inform him your Government has instructed you pass him following message:

Begin Verbatim Text. US values highly its friendly relations with the people and Governments of Afghanistan and Pakistan. It is deeply concerned over recent manifestations of some deterioration of relations between these two countries. This trend is contrary to the best interests of both nations and of the whole free world. It is therefore the sincere hope of the US that an attitude of calm and restraint will be observed by both sides. In the interests of restoring tranquility between Pakistan and Afghanistan we would assume GOA would give every possible consideration to arranging just restitution for harm done to Pakistani personnel and premises in Kabul. We would assume also that in the interests of peace GOA will undertake careful investigation of recent disturbances with view to discovery and punishment responsible perpetrators. In order to facilitate the restoration of normal and friendly diplomatic intercourse between the two countries, we hope GOA will not weaken its diplomatic representation in Karachi and that it may in fact be strengthened. US Ambassador Karachi being similarly instructed urge

¹ Source: Department of State, Central Files, 689.90D/3-3155. Drafted by Thacher and approved by Jernegan. Repeated to Karachi, London, New Delhi, and Lahore.

² See footnote 2, *supra*.

³ See Document 77.

Pakistanis observe calmness and restraint make every effort maintain tranquil relations. *End Verbatim Text.*⁴

Dulles

⁴ This message was delivered to Prime Minister Daud on April 6, as reported in telegram 418 from Kabul of that same date. (Department of State, Central Files, 611.89/4-655) During a subsequent conversation with Ambassador Ward, Daud "expressed warmest appreciation renewed assurances U.S. friendship Afghanistan and assures USG that GOA will continue work for peace of area." On April 7, Jernegan delivered similar representations to Ambassador Ludin in Washington. (Memorandum of conversation by Howison; *ibid.*, 689.90D/4-755) In telegram 374 to Kabul, April 7, the Department of State informed the Embassy that in the course of that conversation the Afghan Ambassador had "expressed regret on being informed Americans molested," but "declared GOA could not retreat one step in pursuance Pushtunistan policies, although he agreed they might have dangerous consequences." (*Ibid.*, 289.1122/4-755)

On April 13, Ambassador Ward reported in telegram 454 from Kabul that the Afghan Government had delivered an aide-memoire to him that day in reply to the U.S. representations of April 6. It stated that "the decision of the government of Pakistan to incorporate Pushtunistan in one-unit West Pakistan has contributed to the excitement of the people and has led to the recent demonstrations in Afghanistan." The Government of Afghanistan, it continued, "is interested in obviating further untoward events and it is necessary that the government of Pakistan also exert efforts toward suppressing actions designed to incite the people and offend the national sentiments of Afghans and Pushtuns." (*Ibid.*, 611.89/4-1355)

81. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, April 12, 1955—6:50 p.m.

397. Embtel 437.² Department concurs your recommendation for approach to King. We are inclined to think cumulative effect of

¹ Source: Department of State, Central Files, 689.90D/4-1255. Secret. Drafted by Thacher, Smith, and Jones and approved by Jernegan. Also sent to Ankara and London and repeated to Karachi, Lahore, New Delhi, and Tehran.

² In telegram 437, April 10, and in telegram 428, April 9, Ambassador Ward reported two discussions with the Pakistani Ambassador to Afghanistan, Colonel A.S.B. Shah. During the first conversation, Shah explained that Anwar Sadat, Egyptian Minister of State, had proposed that a public ceremony be held in Kabul at which Sadat would raise the Pakistani flag with full military honors, followed by a similar ceremony to raise the Afghan flag in Peshawar. Pakistan, however, had rejected this Egyptian effort at conciliation. During the second conversation, Shah stated that while he was convinced that Sadat's proposal could ease the present crisis, it would be treating symptoms and not the disease itself, which was Daud. Ambassador Shah continued that he hoped for U.S. and British support to force the dismissal of Daud and thus create an atmosphere where the overall solution of Paki-

separate démarches would be most effective means of presentation and would avoid dangers of adverse reactions to joint approach. However if you and your Turkish and British colleagues feel differently simultaneous presentation authorized.

You are authorized to seek audience with King under instructions from your Government. You should tell the King substantially as follows:

1. US sincerely desires continuance and strengthening of its ties of friendship and common purpose with Afghanistan. It is deeply interested in economic development, and broad general progress of the Afghan people and believes US actions in past provide convincing evidence of that interest.

It is as a friend, faced by common danger that Government of US finds itself compelled to instruct its Ambassador to lay before His Majesty certain views which it considers of sufficient importance to justify His Majesty's personal consideration. US has observed with greatest concern recent signs of deterioration in relations between Pakistan and Afghanistan both of which are subject to the threat of communist imperialism. US believes that Government of Afghanistan has very real responsibility to restrain those elements within its country who would attempt settle disputes with Pakistan by threats and actual violence. Particularly the US has been disturbed and shocked by the indignities and damages suffered by diplomatic and consular establishments of Pakistan in Afghanistan which the Afghan Government failed to suppress. The hopes of the Afghan Government for economic development and material improvement of its people must depend in large degree on the expansion of its commerce with Pakistan and the other nations of the free world. It is hoped that every effort will be made by the Government of Afghanistan to make suitable amends to the Government and people of Pakistan. His Majesty is undoubtedly aware of the uneasiness caused among the diplomatic community of Kabul and the necessity for taking all measures to prevent the recurrence of recent disturbances.

2. Over the past year the US has observed the development of closer economic relations between Afghanistan and the Soviet Union through acceptance of Soviet loans entailing commitments for delivery of Afghan products in the payment of such loans. Those actions have facilitated the Soviet Union's penetration of Afghanistan and the US has observed Soviet penetration elsewhere has proved conducive to a variety of difficulties and in some instances has led to loss of independence.

stan-Afghanistan problems was possible. Accordingly, he suggested that the U.S., British, and Pakistani Ambassadors speak with the King of Afghanistan, Mohammed Zahir Shah, and point out that the continuance of present Afghan policies was intolerable and the only solution was a drastic change in government. In commenting upon these discussions, Ambassador Ward endorsed Shah's proposal. "In my opinion," he emphasized, "situation sufficiently serious warrant our direct action and therefore recommend Turkish and British Ambassadors (with whom I have not discussed this recommendation) and I be instructed present ourselves collectively to King." (*Ibid.*, 289.1122/4-955 and 289.1122/4-1055, respectively)

The US is fully confident His Majesty will see that proper steps are taken to direct the trend of events in his country in the direction which will assure its growth and prosperity. Without such beneficial direction the US Government fears that conditions would develop which would threaten the people and welfare of the general area. (End of Statement)

You are further authorized in your discretion and in concert with your British and Turkish colleagues to refer specifically to Prime Minister Daud in the manner you believe would be most productive if the trend of conversation with the King leads you to believe such reference would be useful. London and Ankara should discuss with respective Foreign Offices and express our hope instructions similar to this message be sent their representatives in Kabul.

Dulles

82. Memorandum From the Secretary of State's Special Assistant for Intelligence (Armstrong) to the Secretary of State¹

Washington, April 15, 1955.

SUBJECT

. . . Pakistan-Afghanistan Situation

The present high state of tension between Afghanistan and Pakistan unquestionably presents a situation open to exploitation by the USSR. The Soviets by backing the Afghans on the Pushtunistan issue, and by covertly providing them funds and arms can: (1) intensify Afghan intransigence on the issue; (2) encourage the Afghans to step up their anti-Pakistan campaign both propagandawise and in further belligerent gestures; and (3) further increase Afghan's dependence on the USSR. We have so far no positive information that the USSR has taken such steps. While it is not clear that the USSR would actually intervene in the event of a . . . coup, it can certainly be expected to exploit the situation to the fullest in the UN

¹ Source: Department of State, Central Files, 689.90D/8-1555. Secret. Drafted by Charlton Ogburn, Jr., Chief of the Division of Research for the Near East, South Asia, and Africa, OIR; cleared by Jones of SOA and Alfred T. Wellborn of U/OP.

and before world public opinion to the detriment of the US, and might even threaten to invoke the Afghan-Soviet treaty of June 1931² under which the USSR has the legal obligation not "to tolerate on the part of anybody whatsoever any act which might inflict political or military damage" on the Kabul Government.

PA

² Treaty of Neutrality and Non-Aggression, signed at Kabul on June 24, 1931. The text is printed in *League of Nations Treaty Series*, vol. 157, p. 371.

83. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, April 16, 1955—3:53 p.m.

1661. Department concerned over possibility Pakistanis may decide close Afghan border and attempt depose Royal Family. (Kabul's 452, 453, ² Karachi's 1467³).

Accordingly, unless you perceive objections suggest you express to GOP views US Govt along following lines:

1. US understands and sympathizes deeply with feelings Pakistanis aroused by indignities recently suffered its citizens, property and prestige in Afghanistan. Our attitude clearly reflected Ambassador Ward's statements to Naim and Daud. (Deptels to Kabul 357⁴ and 350⁵) To latter he stressed need arranging just restitution to Pakistan and desirability Afghan restraint. Ambassador Ward has been authorized make approach to King, possibly in concert other

¹ Source: Department of State, Central Files, 689.90D/4-1355. Secret. Drafted by Thacher and Jones and approved by Allen. Repeated to Kabul, Ankara, London, Lahore, and New Delhi.

² In telegrams 452 and 453, April 14, Ambassador Ward reported that Pakistani officials had informed him that they were considering a complete trade embargo against Afghanistan, including goods for American aid projects in that country. (*Ibid.*)

³ In telegram 1467, April 12, the Embassy stated that although it believed that Pakistan would continue to show restraint toward Afghanistan, the "line now being taken by Pakistan officials is that entire present Afghan ruling group must go including Royal Family." (*Ibid.*, 601.90D89/4-1255)

⁴ Document 80.

⁵ Document 78.

powers. We are gratified by continuing reasonable attitude GOP (reflected penultimate paragraph Karachi's 1499⁶).

2. At same time we are disturbed by information GOP considering complete closure Pak-Afghan border. In our view this would result very shortly in near strangulation Afghan economic life and in causing Afghans turn inevitably to Soviets. Moreover, it would result in general internal deterioration Afghanistan, perhaps providing Soviets further excuse interfere extend their influence southward.

3. While understanding deep Pakistani concern re situation, we suggest that ouster present Royal Family without alternative regime available to maintain stability and pursue reasonable policies in relations with Afghanistan's neighbors would probably result in reversion period uncertainty and chaos similar those characterizing political interregnums of past. Moreover situation today even more dangerous than past because of more aggressive character neighbor to north who may be eager for opportunity end Afghanistan's historical buffer status. End suggested statement to Pakistanis.

Embassy no doubt recognizes delicate problem posed by need for maintaining Pak confidence our friendship while also not encouraging Pak intransigence or understandable impulse attempt overpower Afghans. While Daud's rash pursuit Pushtunistan should be checked, we have constantly to remember same rashness might impel him welcome in Soviets.⁷

Dulles

⁶ In telegram 1499, April 14, Ambassador Hildreth reported that, without knowledge of Ambassador Ward's similar recommendation, Jalaluddin Abdur Rahim, Pakistani Secretary of Foreign Affairs and Commonwealth Relations, had suggested that the United States make a direct approach to the Afghan King concerning the Kabul incidents. Pakistan had reason to believe, Rahim stressed, that the King was a "more reasonable individual, enjoying some popular support in country and definitely annoyed Daud's action." Hildreth suggested that this conversation indicated that Pakistan was taking a "temperate attitude toward situation" and was "earnest in seeking peaceful way out." (Department of State, Central Files, 289.1122/4-1455)

⁷ In telegram 1533 from Karachi, April 18, Ambassador Hildreth stated that in spite of the personal beliefs of various Pakistani officials, the government did not desire to depose the Afghan Royal family but had suggested instead an approach to the King seeking only the removal of Daud. He also reported that Rahim had informed the Embassy that Pakistan had no intention of closing the border in the immediate future. In view of the above, Hildreth explained that the Embassy did "not believe it necessary make further approach to GOP along lines Deptel 1661. Should attitude and circumstances change we can again make these points forcefully to GOP." (*Ibid.*, 689.90D/4-1855)

84. Editorial Note

At a meeting of the National Security Council on April 21, Allen W. Dulles, Director of Central Intelligence, discussed recent developments in regard to the Pushtunistan dispute:

"The Director of Central Intelligence indicated that the situation in Afghanistan had begun to quiet down. Reports of Soviet incitement as a cause for the bad feeling between Afghanistan and Pakistan had not been confirmed. On the whole, the Soviets appeared to be reasonably quiet. While the Pakistani reaction to the attack on their Embassy in Kabul had certainly been strong, the Pakistani had not as yet resorted to overt action against Afghanistan. The King of Afghanistan was alleged to be about to remove the Prime Minister, Prince Daud, whose inflammatory speech was responsible for the initial incident. However, Mr. Dulles thought that the King lacked sufficient force and courage to throw his Prime Minister out." (Memorandum of discussion at the 245th meeting of the National Security Council, by S. Everett Gleason, April 22; Eisenhower Library, Whitman File, NSC Records)

85. Telegram From the Embassy in Afghanistan to the Department of State¹

Kabul, April 26, 1955—3 p.m.

536. My telegram 526.² King received me in presence Acting Foreign Minister Ali Mohammed. After exchange courtesies in French he switched to Farsi through Ali Mohammed.

Throughout formal part of conversation I followed strictly suggestions Department telegrams 397³ and 434.⁴ King replied with:

¹ Source: Department of State, Central Files, 689.90D/4-2655. Secret. Repeated to Karachi, Ankara, London, Baghdad, and New Delhi. The Embassy also recommended that the Department of State pass copies to the Army and the Air Force at its discretion.

² In telegram 526, April 25, Ambassador Ward informed the Department that he was scheduled to meet with the King on the following day. (*Ibid.*, 689.90D/4-2555)

³ Document 81.

⁴ In telegram 434, April 19, the Department instructed Ambassador Ward to include in his remarks to the King a statement about U.S. concern for the possible disruption of its technical and economic aid programs in Afghanistan which might be caused by any further escalation of the Pushtunistan dispute. Ward had suggested these additional remarks in telegram 473 from Kabul, April 16. (Both in Department of State, Central Files, 689.90D/4-1655)

1. Thanks U.S. Government [for] interest in creating atmosphere favorable to removal recent Afghanistan-Pakistan tension.

2. Thanks for generous and altruistic aid which U.S. has given Afghanistan in land reclamation, agriculture, education, mining etcetera for which he and people grateful beyond ability express.

3. Hope Afghanistan may continue enjoy U.S. interest, aid and favor.

4. Following views U.S. Government made known by me to Prime Minister,⁵ Government of Afghanistan has done nothing which could aggravate Afghanistan-Pakistan tension, not even sending Afghanistan troops to frontier threatened by Pakistan troops in new positions thereon.

5. Deplores anti-Pakistan occurrences at Kabul, Jalalabad and Qandahar, which without precedent in Afghanistan's treatment diplomatic missions and contrary Afghanistan's traditional code hospitality.

6. Government of Afghanistan cannot ignore indignities and insults suffered Peshawar.

7. Government of Afghanistan has indicated every willingness re-establish normal relations with Government of Pakistan and accepted without hesitancy formula proposed by Anwar-Os-Sadat, which formula Government of Pakistan rejected.⁶

8. Is eager take any step toward restoration normal relations provided it not incompatible Afghanistan's dignity.

He did not mention Soviet economic penetration, or awareness such penetration or further deterioration in Afghanistan-Pakistan relations may give rise to Soviet political threat.

King was quite stiff and formal at beginning audience, perhaps in anticipation of some strong demand, but as conversation progressed he relaxed and became as unposed and congenial as in former conversations with result we were shortly chatting. Daud was not mentioned or even referred to by direct allusion. During chat he evidenced much knowledge of my activities in U.S. aid programs and recalled my statement of November 1952 that so long as I am here shall [devote?] myself to Afghanistan's well-being. This encouraged me express view well-being not being furthered by Government of Afghanistan insistence honorable amends be made simultaneously by Government of Afghanistan and Government of Pakistan, reminding him that Government of Afghanistan cast first stone and struck first blow on March 30 in Kabul, on March 31 at Jalalabad and Qandahar, all which preceded April 1 Peshawar affair, and that Government of Afghanistan should therefore make first amends, trusting Government of Pakistan to make subsequent amends for any Pakistan wrongdoing. He received this in very good part. I further made bold to mention that Afghanistan well-being

⁵ See footnote 4, Document 80.

⁶ See footnote 2, Document 81.

would be prospered by constructive Afghanistan-Pakistan collaboration, closer economic ties with free world, incentive to private enterprise, expansion work looking toward improvement in agricultural method and standard of living and improved maintenance of highways looking toward betterment of economy and lowered cost living through reduction in inordinately high trucking and distribution cost. He was very affable at end our conversation, which lasted 50 minutes.

Audience was more successful than I had anticipated and I am certain *démarche* will bear fruit, unless King so dominated by Daud he fears to follow his own convictions. Should latter prove fact I fear, barring a swallowing of pride by Government of Pakistan which could cause it dangerous loss prestige among Afghans, Indians and some of its own peoples, worsening of Afghanistan-Pakistan situation should be anticipated.

Turkish Ambassador received instructions last evening, but still being decoded.⁷

Ward

⁷ In telegram 542 from Kabul, April 28, Ward reported that the Turkish Ambassador was belatedly instructed to associate himself with the U.S. and British Ambassadors in a joint or parallel *démarche* to the King. (Department of State, Central Files, 689.90D/4-2855)

86. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, May 4, 1955—6:25 p.m.

1835. Department considers desirable warn Pakistanis clearly of dangers we see in their proposed course action described Embtel 1668.² Thus you requested in your discretion inform Prime Minister soonest your Government requested you express following views:

¹ Source: Department of State, Central Files, 689.90D/5-255. Secret; Priority. Drafted by Thacher, cleared with L/NEA, and approved by Jernegan. Repeated to Kabul and to London, New Delhi, and Lahore by air pouch.

² In telegram 1668, May 2, Ambassador Hildreth reported that the Pakistanis were contemplating severing all diplomatic relations with Afghanistan and closing the frontier between the two countries unless Afghanistan complied by May 15 with Pakistani proposals for settling the present crisis. (*Ibid.*) A copy of the Pakistani note

(Continued)

1. US deeply concerned present trend Pak-Afghan relations may if continued lead to outbreak of hostilities or at the least creation conditions from which it will be most difficult restore cooperation and friendly atmosphere needed for welfare of two important friendly Muslim nations of free world. In addition US constantly aware and assumes GOP is also of danger of Afghans seeking Soviet assistance against Pakistan or of creation conditions of chaos in Afghanistan which would tempt Soviets extend influence southward.

2. We realize multiplicity difficult problems confronting Pakistan leaders at present and assure them continuance our friendship and understanding. Our sympathy for Pakistan in connection present crisis demonstrated by expression US views to Afghanistan's Foreign Minister, Prime Minister and more recently to King. To latter our Ambassador in Kabul urged every effort reach settlement with GOP. Likelihood Afghans will adopt more conciliatory attitude this matter would be increased by avoidance public utterances on Pakistan-Afghan situation which tend further arouse Afghan national sentiments and make more difficult for GOA make amends without further loss face.

3. We respect patience and restraint demonstrated thus far by GOP in dealing with present crisis. However US fearful course now being considered by Pakistan (severance of diplomatic relations, economic blockade etc.) may precipitate dangers described in (1) above. We recognize Pakistan national honor and prestige involved. However Pakistan already has taken certain retaliatory measures. We would urge most careful consideration before taking further steps which might be construed in friendly countries as out of proportion to the original offense and in addition which risk bringing about conditions in Afghanistan as might ultimately redound to Pakistan's own disadvantage. End.

Having expressed foregoing views you might add you would appreciate further information from GOP re nature differences still unsettled in current dispute with Afghanistan. We noted Prime Minister's May 1 statement that GOA had offered full amends with exception redress for dishonor to flag. While recognizing such matters must be decided in accordance Pakistan's own standards national honor, we have observed other states suffering similar injury to flag have accepted formal apology from host government as sufficient amends.

Report outcome interview soonest.³

Dulles

(Continued)

of May 2 to the Afghan Government, in which these proposals were set forth, was transmitted to the Department of State as enclosure 7 to despatch 709, May 5. (*Ibid.*, 601.90D89/5-555)

³ See Document 89.

87. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, May 5, 1955—7:23 p.m.

503. Kabul's telegram 566 May 4.² Following for Kabul:

Department agrees your view US should not attempt role of mediator in Afghan-Pakistan dispute. You are requested at your discretion reply Foreign Minister Naim along following lines:

1. We welcome Naim's expression of Afghan friendship for US and confidence which GOA shows in our fairness by its request for US mediation. We would not be worthy that confidence if we did not let him have frank and friendly expression our views.

2. We are not able concur in his view that solution lies in return to previous administrative status of West Pakistan. We are aware that because of racial and cultural affinities GOA has interested itself in welfare Pakistani Pushtuns. At same time we consider form of administrative organization established by GOP for West Pakistan is an internal Pakistan matter in which US or other foreign government could not appropriately intervene.

3. We therefore consider we cannot accede to Afghan Government's request for our mediation.

4. US is deeply concerned over recent sharp deterioration in relations between two Muslim brother states. It has urged in past and will continue in future urge moderation both sides.

Following for Karachi:

You are authorized inform GOP our intention refuse Afghan request for mediation. At same time you are requested at your discretion make following points:

¹ Source: Department of State, Central Files, 689.90D/5-455. Secret; Priority. Drafted by Jones and Allen and approved by Jernegan. Also sent to Karachi and repeated to Ankara, Cairo, London, New Delhi, and Lahore.

² In telegram 566, Ambassador Ward reported that the Afghan Government requested him to inform both the President and the Secretary of State that it desired U.S. mediation in the Pushtunistan dispute. Ward commented that Afghanistan "will probably attempt use mediation to inject US into Pushtunistan controversy as it has attempted do in the past." In addition, he cautioned that Afghanistan was now seeking to place the burden for any further deterioration in Pakistan-Afghanistan relations on the United States. U.S. mediation, moreover, would likely give Daud a "new lease on life." The Ambassador concluded this message with the following appraisal:

"In light above I believe actual US mediation probably unwise but refusal to attempt mediation would undoubtedly have serious repercussions US-Afghanistan relations particularly if Daud survives. Judging by temper Pakistan Ambassador and staff here, I believe GOP not likely accept offer US mediation, particularly if handled as pro forma matter and we do not press acceptance. If so US offer mediate would not amount to more than friendly gesture to GOA. If GOP refuses offer, US could suggest to GOA mediation by one or more friendly Muslim powers." (*Ibid.*)

1. Department would appreciate clarification GOP objectives in present dispute. We are particularly concerned indication (Embtel 1467)³ one objective GOP might be removal present Royal Family. In our opinion ouster Royal Family without alternative regime might well lead chaos throughout country with consequent temptation Soviets actively intervene.

2. US particularly anxious for GOP avoid any action which might justify accusation that Pakistan which is recipient US military aid has acted in aggressive manner.

If you believe GOP may be considering change in present disposition of forces you may make additional comment as follows: We recognize that unrest, tribal or troop movements in Afghanistan may lead Pakistan to strengthen its frontier positions. In so doing we believe Pakistan should make every effort avoid border incidents. We would hope that any announcements of military movements which GOP might possibly issue would therefore make abundantly clear they are defensive in nature.

3. If situation deteriorates further we think may be desirable suggest other means settling dispute arising from March 30 and subsequent incidents. Therefore are considering possible desirability suggesting request be made that fellow Muslim state or UN mediate in dispute. Our position would be that any such mediation should be limited dispute arising March 30 and subsequent incidents only and not include question of Pushtunistan.

Report soonest result your interview.⁴

Dulles

³ See footnote 3, Document 83.

⁴ In telegram 1723 from Karachi, May 8, Hildreth reported that the Pakistani Prime Minister informed him that Pakistan did "not have objective of removal of royal family" but sought only the "removal of Daud." (Department of State, Central Files, 689.90D/5-855) In telegram 584 from Kabul, May 10, Ambassador Ward reported that he had informed Foreign Minister Naim that the United States could not accept Afghanistan's request that it mediate the current dispute with Pakistan. In reply, Naim referred to Pakistan's "ultimatum" of May 2 and explained that his government now expected the following: 1) a Pakistani act of armed aggression; 2) a Pakistani economic embargo against Afghanistan; 3) the closure of the Pakistani Embassy in Kabul and a request for the closure of the Afghan Embassy in Karachi; 4) rupture of Pakistani-Afghan relations. In closing the conversation, Naim stated that "my government has now no alternative but to await developments." (*Ibid.*, 689.90D/5-1055)

88. Editorial Note

At a meeting of the National Security Council on May 5, Allen Dulles raised the subject of deteriorating relations between Afghanistan and Pakistan:

"The Director of Central Intelligence then proceeded to discuss the situation in Afghanistan. The Pakistanis had delivered an ultimatum to the Afghan Government. The Afghans, through their Foreign Minister, had requested the United States to mediate the quarrel. In addition, the press ticker carried the news that the Afghans have mobilized. They are supposed to have an army of about 42,000 and in addition had called up three reserve classes. In point of fact, however, Mr. Dulles doubted whether Afghanistan could mobilize more than 28,000 men in the period D-plus-30. Accordingly, he doubted whether they could successfully attack Pakistan, although they might indulge in border raids.

"All in all, Mr. Dulles indicated the CIA view that the Afghan mobilization was something of a face-saving device which was unlikely to lead to war.

"Commenting on the Afghan request for U.S. mediation, Secretary Hoover indicated that the State Department was not inclined to undertake this responsibility, and was looking for a well disposed Moslem country to undertake this task.

"Governor Stassen said he was quite sure that the Soviet Union was involved in what was occurring in this area. Secretary Hoover agreed with him, and the Vice President added that he believed that Nehru was even more involved than the Soviets. Admiral Radford commented that more than anyone else the Indians have been responsible for keeping the Pushtunistan dispute alive. Secretary Hoover agreed, and said that the Indian Embassies in all of these countries of the Middle East area were the single most unsettling influence in them.

"Governor Stassen said that he was by no means sure that the United States ought not to accept the request for its mediation, and pointed out how useful a role we had played in the Trieste negotiations. Secretary Hoover replied that there was no objection whatever to proffering our good offices, but that formal mediation by the United States would evoke troublesome problems. He added that of course we had not formally mediated the Trieste dispute, but had worked behind the scenes through normal diplomatic action." (Memorandum of discussion at the 247th meeting of the National Security Council, by Gleason, May 6; Eisenhower Library, Whitman File, NSC Records)

89. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, May 6, 1955—1 p.m.*

1699. Following Prime Minister's stag dinner last night while Diplomatic Corps having individual talks with visiting Prime Ministers from Saudi Arabia and Sudan I got five-minute separate talks with Foreign Office Secretary Baig, Finance Minister Chaundhri Mohamad Ali, Minister Interior Mirza and Prime Minister. Asked each what real crux of problem with Afghanistan was and each gave same firm reply, essence of which was "removal of GOA Prime Minister Daud". I asked each Minister separately if this was Cabinet policy or their personal opinion and each answered "cabinet policy". Each also said with varying degree of emphasis, however, that if Daud removed as GOA Prime Minister GOP would back down fast on its demands and start a new chapter in the book of GOP/GOA relations. Mirza and Baig said I was welcome to tell Ward they hoped he would make this reasonably clear to King and Royal family.

Only discussion I have had outside Embassy is with General Cawthorn, Australian HICOM, whom I consider most experienced and wisest man on Pakistan in present Diplomatic Corps. Long concerned about Afghanistan he talked at length with Robert Amory and Admiral Radford about Afghanistan on their visits here.² Last night I reported to him only my conversations with the Ministers covered herein and asked him if he thought GOP policy right. He replied he thought GOP a little too firm and specific in original demands but thought their objectives sound and having gone as far as it has it would now be fatal for GOP to back down.

Ayub and Mirza appear not concerned about Afghan mobilization publicity but Mirza going Peshawar tomorrow (apparently with Ayub) to make check to see everything in order and make personal observation.

Comment: Pakistan policy apparently based on two assumptions: (1) There will be continued deterioration in Pakistan-Afghan relations if Daud remains, with Daud displaying even greater arrogance in future if he survives present crisis; (2) that continued Pakistan pressure involving if necessary economic measures cited Embtel 1668³ (repeated information Kabul 77, London 110, Delhi 181) will

¹ Source: Department of State, Central Files, 689.90D/5-655. Secret; Niact. Repeated to Kabul, New Delhi, Tehran, Baghdad, Ankara, London, Lahore, and Dacca.

² Admiral Radford visited Afghanistan as part of a larger tour of several Asian countries in December 1954 and January 1955.

³ See footnote 2, Document 86.

result in Afghan Royal family deciding drop Daud rather than run risks involved internal unrest and increased dependence on Soviets which would be alternative. (Factor which affects Pakistan present policy calculations is their apprehension that unless King can be induced to replace Daud now Daud may shortly become strong enough to replace King.)

Embassy not in position fully assess validity these assumptions. However, have been impressed by unanimity of views expressed by both Americans and Pakistanis who know Afghanistan well, that (1) Daud is "madman" who will effectively thwart any improvement in general Pakistan-Afghan relations so long as he continues in power and (2) continuation of present developments unchecked will result in irrevocable loss Afghanistan to Soviets (with estimates of period of grace varying from six months to two years). We also note from Embassy Kabul's messages that Pakistan pressure is now being strongly felt by Afghan Government and that there are indications Royal family considering replacement Daud.

Due these considerations Embassy feels US would be assuming serious responsibility in pressuring Pakistanis to apply palliatives to ills which they convinced require surgery. If by our intervention we check course of developments which Pakistanis now believe running in their favor, we will inevitably be held responsible for next crisis in Pakistan-Afghan relations.

For these reasons I have deferred delivery of message stated in Deptel 1835⁴ (repeated information Kabul 499, London, Lahore, Delhi unnumbered) pending Department's consideration these factors. For same reasons Embassy advises strongly against US becoming involved in any mediation exercises which clearly designed take pressure off Afghanistan and which would probably result in continuation Daud in power. Believe any such effort would irritate Pakistanis and might seriously prejudice US position here.

Appears to Embassy that most useful contribution US might make at present juncture would be to assist in getting across ideas King and other appropriate members of Royal family, that GOP could be expected to become very reasonable and cooperative if they had new Prime Minister to deal with in Afghanistan. Possible that Turks, Iraqis and perhaps British might be able assist in planting this thought.

⁴ Document 86.

Ward expected here Sunday noon⁵ so if Department has any instructions or advice would welcome its receipt soonest enabling me check with him before he leaves early Tuesday a.m.

Hildreth

⁵ May 8.

90. Editorial Note

At a meeting of the National Security Council on May 12, Allen Dulles led off his survey of key world developments affecting United States security with a discussion of the Pushtunistan crisis:

"The Director of Central Intelligence pointed out that the ultimatum which Pakistan had sent to Afghanistan would expire this coming Sunday. The ultimatum indicated that if Afghanistan had not made restitution for the attack on the Pakistan Embassy in Kabul, Pakistan would take 'the necessary measures'. The Minister of the Interior of Pakistan had indicated that 'the necessary measures' might include the rupture of diplomatic relations with Afghanistan and the imposition of an economic blockade. The effect of the latter move would be bad from the U.S. point of view, since it would increase the already serious dependence of Afghanistan on the USSR.

"At this point the Acting Secretary of State, Mr. Hoover, informed the Council that he had learned just before coming to the meeting that Pakistan and Afghanistan had accepted an offer of mediation by Iran, Iraq and other Arab states, and that Pakistan had accordingly cancelled its ultimatum.

"Mr. Allen Dulles then indicated that the main problem centered around Prince Daud, the Prime Minister of Afghanistan, who had initially got himself far out on a limb and did not now know how to get himself off the limb without serious loss of face. This mediation might save the situation. After all, Pakistan did not really want war, and the Afghan mobilization was something of a farce. In short, no real military forces were confronting each other at the borders of the two countries." (Memorandum of discussion at the 248th meeting of the National Security Council, by Gleason, May 13; Eisenhower Library, Whitman File, NSC Records)

91. Memorandum of a Conversation, San Francisco, June 24, 1955¹

SUBJECT

Afghan Foreign Minister's Interview with the Secretary

PARTICIPANTS

H.R.H. Sardar Mohammed Naim
Deputy Prime Minister and Minister for Foreign Affairs
Mr. Mohammad Kabir Ludin, Ambassador of Afghanistan
The Secretary
NEA—Mr. George Allen

Prince Naim recalled his discussion with the Secretary a year ago² and said he regretted to have to say that Afghan-Pakistan relations had deteriorated since that time. His particular interest, however, in talking with the Secretary was because of his desire to understand the US Government's attitude toward Afghanistan. He said that until very recently, the United States had maintained a neutral position on the Pushtunistan issues but that a few weeks ago, when Afghanistan asked the United States to mediate its current critical dispute with Pakistan, the American Ambassador in Kabul had informed King Zahir Shah that the United States considered the Pushtun question an internal Pakistani matter. This had come as a considerable shock to Prince Naim and his brother Prime Minister Daud.

Prince Naim declared that Afghanistan's long-range interests were entirely similar to those of the United States. He recognized that the greatest overall danger to Afghanistan was from the North. It was therefore of the highest importance that Afghan-Pakistan relations be friendly. Afghanistan did not ask for one inch of territory from Pakistan and would be quite satisfied if the Pakistan Government would make it clear that at some future date, perhaps ten years off, the eight million Pushtuns in Pakistan would be given an opportunity to decide their own fate. If they voted freely to adhere to Pakistan, Afghanistan would not raise the issue again.

As evidence of Afghanistan's high regard for the United States, he recalled that Afghanistan had asked us for military assistance two or three years ago, despite the strongly adverse reaction such assistance would arouse in the USSR. Our refusal to grant military aid

¹ Source: Department of State, Central Files, 689.90D/6-2455. Secret. Drafted by Allen. This conversation took place at the U.N. Tenth Anniversary Commemorative Ceremony in San Francisco.

² A memorandum of this conversation of October 8, 1954, is printed in *Foreign Relations, 1952-1954*, vol. XI, Part 2, p. 1420.

and our refusal to mediate the Pushtunistan dispute for the reason we gave left the Afghans in a quandary as to the American Government's attitude towards them.

The Secretary said he welcomed Prince Naim's explanation of the Afghan position and his desire for friendly relations with the United States. This desire was fully reciprocated. The Secretary concurred in the high importance of good relations between Pakistan and Afghanistan. He said he was not informed in detail on the Pushtunistan question, but he would like to urge Prince Naim again to assert his influence toward calming the atmosphere. He said the United States always stood ready to take appropriate steps towards improving relations between neighbor countries in the Free World. He understood that efforts at mediation were being made by fellow Moslem states.

Prince Naim said that Afghanistan had accepted in full the recommendations of the Uncle of the King of Saudi Arabia but that Pakistan had refused and was carrying out what amounted to an economic blockade of Afghanistan.³ This could only make Afghanistan dependent on the Soviet Union, which Afghanistan did not desire.

The Secretary said he would like to look into the question at the earliest opportunity. The conversation which lasted about forty minutes was terminated at this point since the Secretary had another pressing engagement.

³ On June 28, Prince Musaid, the Saudi mediator, announced that his mediation efforts had failed. He stated that the program for the flag ceremonies was complete and ready to be implemented, but the "side issue" of reopening the consulates had blocked a settlement. (Despatch 836 from Karachi, June 28; Department of State, Central Files, 689.90D/6-2855)

92. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, June 24, 1955—7:57 p.m.

627. Kabuls 696² Karachi's 2020.³ Department reluctant urge Pakistanis make important concessions to reach agreement with Afghans since: 1) It is US as well as Pak interests to see Daud replaced. 2) If Paks abandon efforts bring about Daud's removal and settle present dispute on basis permitting him remain, they would tend hold US responsible all future difficulties with Afghans as long Daud continues in power. 3) Our urging Pak concessions at this particular moment may be taken as lack support for Pakistan and affect adversely Pak inclination adhere Turco-Iraqi pact.⁴

In Afghan situation most important single present consideration is need for preventing Afghans falling under Soviet control. While noting signs Afghan eagerness seek Soviet aid,⁵ Department aware USSR may well disappoint Afghans or latter may recoil from stringent Soviet terms. Department would appreciate from Kabul most careful reappraisal chances Afghanistan sliding into Soviet orbit through necessity relieving economic pressures applied by Pakistan. Should this seem real possibility US should then consider urging Pakistanis make concessions Afghans at risk incurring disadvantages such as 2) and 3) above.

¹ Source: Department of State, Central Files, 689.90D/6-2255. Secret; Priority. Drafted by Thacher, cleared with EE, and approved by Jernegan. Also sent to London and Karachi and repeated to Dacca, Ankara, Lahore, and New Delhi.

² In telegram 696, June 20, Ambassador Ward pointed out that while the Embassy sympathized with Pakistan's reluctance to reopen its consulates as long as Afghanistan continued its "anti-Pakistani religious propaganda," it believed that the recent transit and trade negotiations with the Soviets seemed to indicate that Daud was trying to counteract Pakistani economic pressure by seeking to substitute the Soviet Union as a trade route. As a result of this development, the Embassy feared that Afghanistan might "make irretrievable commitments to Soviets." Accordingly, it believed that Pakistan "should accede reopening consulates and trade agencies on condition GOA abandon anti-Pakistani religious propaganda and vilification GOP." (*Ibid.*, 689.90D/6-2055)

³ In telegram 2020, June 22, Ambassador Hildreth reported on the continuing impasse in Prince Musaid's mediation efforts due to disagreements between Afghanistan and Pakistan over the reopening of the consulates and the flag ceremonies. (*Ibid.*, 689.90D/6-2255)

⁴ The Baghdad Pact, a Pact of Mutual Cooperation signed by Iraq and Turkey on February 24, 1955. For text, see *United Nations Treaty Series*, vol. 233, p. 199. Pakistan signed the Pact on September 23, 1955.

⁵ In telegram 655 from Kabul, May 31, Ward reported that an Afghan economic delegation had recently departed for Moscow to discuss a Soviet offer to provide transit facilities and other economic assistance to offset Pakistani economic pressure. (Department of State, Central Files, 661.89/5-3155)

In addition Department would appreciate Kabul's appraisal likelihood Daud's downfall view current lack substantial evidence any weakening Daud's position, lack of probable successor and lack evidence real determination of King to replace him. Has Kabul any indication current attitudes two royal uncles? ⁶

London in its discretion seek Foreign Office views current Pak-Afghan situation. ⁷

Hoover

⁶ In telegram 711 from Kabul of June 27, Ambassador Ward asserted that while there was no current reliable evidence regarding the attitude of the King, the Embassy believed that "there is at least 50 percent chance downfall Daud if GOP remains firm in settlement discussion." Concerning the attitude of the King's two uncles, the Ambassador reported that both Shah Wali Khan and Shah Mahmoud earnestly hoped that Pakistan "would stand firm on its position in present Afghan-Pakistan crisis forcing removal 'lunatic' Daud." In reply to the Department query about Soviet activities in Afghanistan, Ward commented that there was presently no evidence that the Afghans and Soviets had reached an agreement on transit and trade terms. Even if an agreement were reached in the near future, he pointed out, Soviet transit and trade facilities could not replace those of Pakistan within the next two or three months; the Embassy, accordingly, doubted whether Afghanistan would "irretrievably commit self to Soviet Union." (*Ibid.*, 689.90D/6-2255)

⁷ In telegram 5652 from London, the Embassy reported that British officials had informed Pakistan on June 25 that, in light of the important concessions already made by Afghanistan, it "would be well advised to reach settlement more or less on basis of present terms." The British Foreign Office believed that Pakistan "would probably not gain additional concessions by continuing intractable"; Pakistan had been presented with an essentially acceptable solution, and any remaining disagreements on minor details were "insufficiently important to warrant prolongation of present unsatisfactory and potentially dangerous situation." (*Ibid.*, 689.90D/6-2855)

93. Telegram From the Department of State to the Embassy in Pakistan ¹

Washington, July 12, 1955—7:46 p.m.

74. For Ambassador from Secretary. I have become increasingly concerned re deterioration of relations between Pakistan and Afghanistan and at danger of creating situation which might endanger Afghan ability to resist Soviet penetration. Afghanistan's inland position makes it almost inevitable that Afghans would turn north-

¹ Source: Department of State, Central Files, 689.90D/7-1255. Secret. Drafted by Allen and approved by Dulles. Repeated to Kabul.

ward for aid if access to south continues to be cut off. If this should occur, Pakistan would be in much worse situation than at present.²

Moreover our Ambassador in Kabul confirms view that closing of border is not sufficient to force Daud's ouster.

US Government appreciates serious concern of Pakistan authorities over anti-Pakistan policy and public statements of Afghan Prime Minister and press. Moreover, we have consistently taken position with Afghans that unified West Pakistan administration is internal Pakistan matter. However, question arises whether continuance of Pakistan embargo has become counter-productive.

Please present my views to appropriate Pakistan authorities urgently. I am especially concerned that embargo should be lifted on shipments needed by Morrison-Knudsen to enable it to carry on its contract and on export of fresh fruits from Kandahar area. Latter relaxation could be permitted on grounds that GOP does not wish to work hardship on Afghan farmers.

Morrison-Knudsen Corporation activities in Afghanistan must be discontinued in near future if embargo of their shipments continues. This company is one of chief influences which maintains Afghan connections with West. Its departure would create vacuum which Soviets would be anxious to fill.

Please approach Pak authorities urgently with request that Morrison-Knudsen shipments be permitted to go through.³

Dulles

² In telegram 20 from Kabul, July 7, Ambassador Ward reported that Afghanistan had recently completed a transit agreement with the Soviet Union which, in the event of a Pakistani blockade, would permit nearly all Afghan goods to move through the Soviet Union. This agreement, Ward emphasized, "reveals GOA willingness accept closest economic ties with USSR as solution present impasse and Embassy unable predict at what point these commitments will result irretrievable Afghanistan drift into Soviet orbit." (*Ibid.*, 461.8941/7-775)

³ In telegram 81 from Karachi, July 15, Ambassador Hildreth reported that he had communicated to Rahim and Baig the requests contained in this message. (*Ibid.*, 689.90D/7-1555)

94. Telegram From the Department of State to the Embassy
in Pakistan¹

Washington, July 18, 1955—7:07 a.m.

126. Deptel 74² repeated Kabul 33. In your discretion reiterate to Prime Minister Mohammed Ali Secretary's views outlined reftel.

You might also tell Mohammed Ali we unable share his government's apparent confidence USSR not able and willing exploit situation in Afghanistan to degree dangerous to Pakistan and interests of free world. Information contained Deptel 115³ (to Kabul 43) may be used support expression our concern. Source should not be mentioned.

Request for relaxation embargo on Morrison-Knudsen supplies might be supported by allusion to MKA as important basis U.S. position in Afghanistan. Its withdrawal, which Afghans may contemplate, would weaken U.S. position in Afghanistan and thus our ability support constructive policies there in future. Should argument be repeated GOP cannot favor MKA having already refused representations by German and Japanese interests (Embtel 81), you might say while it not appropriate we speak on behalf these interests, we not seeking special position for U.S. firm at their expense.

FYI. Department's concern over Afghan situation heightened by current estimate importance continued access to Afghanistan as potential source important strategic materials.⁴ End FYI.

Hoover

¹ Source: Department of State, Central Files, 689.90D/7-1855. Secret. Drafted by Howison and approved by Allen. Also repeated to Kabul and London.

² *Supra*.

³ In telegram 115, July 16, the Department informed the Embassies at Kabul and Karachi of evidence confirming reports of recent sharp increases in Soviet aid to Afghanistan. (Department of State, Central Files, 461.8941/7-1655)

⁴ Apparent reference to the possibility that uranium reserves might be present in Afghanistan. Documentation on this subject is *ibid.*, Intelligence Files: Lot 58 D 776, Afghanistan File.

95. Editorial Note

On September 10 and 11, Afghan and Pakistani Cabinet Ministers, including Foreign Minister Naim, raised the Pakistani flag at

ceremonies in Kabul and Jalalabad. A Pakistani Cabinet Minister then raised the Afghan flag at a ceremony on September 12 at Peshawar. Immediately after these ceremonies, Pakistan and Afghanistan reopened the Consulates and trade agencies.

The Department of State was pleased that the two nations had amicably settled this protracted dispute. "We believe successful conclusion agreement resulted from statesmanlike and conciliatory efforts of both sides," it cabled the Embassies at Kabul and Karachi. "We are hopeful new period cordial relations between two countries being commenced." (Telegram 566 to Karachi, September 10; Department of State, Central Files, 689.90D/9-855)

96. Memorandum From the Director of the Office of South Asian Affairs (Jones) to Raymond Hare of the Bureau of Near Eastern, South Asian, and African Affairs ¹

Washington, October 6, 1955.

SUBJECT

Combatting Soviet Penetration into Afghanistan

Background

The Department has become increasingly concerned over Soviet penetration into Afghanistan. The Soviet economic aid program in Afghanistan—which includes the construction of a gasoline pipeline from a Soviet terminal into Afghanistan, construction of grain storage elevators, paving of streets and a number of other projects—is the most comprehensive Soviet program of direct economic development aid in the free world. ¹

The NSC has taken the decision (NSC 5409) ² that one of the most effective measures which the U.S. could adopt to counter Soviet penetration is to encourage the growth of closer economic and political relations between Afghanistan and Pakistan. To this end NSC 5409 provides that technical and economic assistance be given to Afghanistan for those projects which would tend to strengthen Afghanistan's ties with Pakistan. The Secretary stated in a letter to

¹ Source: Department of State, Central Files, 661.89/10-655. Secret. Drafted by Rufus Burr Smith, Officer in Charge of Economic Affairs, SOA, and Jones.

² See the editorial note, *Foreign Relations*, 1952-1954, vol. XI, Part 2, p. 1496. A revised version of NSC 5409 is printed *ibid.*, p. 1089.

Ambassador Lodge (Tab A)³ that the urgency of the Afghan problem required that the U.S. consider providing assistance to cooperative economic projects which would draw the two neighboring countries together.

Up to the present, it has not been possible for the U.S. to undertake such projects because of the bitter dispute between the two countries arising from the anti-Pakistan riots which took place in Afghanistan at the end of last March. This dispute (in contrast to the chronic "Pushtunistan" difference) has now been settled through the holding of a Pakistan flag raising ceremony in Kabul and an Afghan flag raising ceremony in Peshawar. Relations between the two countries are now such as to present an excellent opportunity to initiate discussions on cooperative projects of the type envisaged in the NSC study.

Discussion

There is attached (Tab B) a joint State-ICA message to the Under Secretary and Mr. Hollister,⁴ requesting their approval of a message to Kabul and Karachi authorizing our missions there to initiate negotiations with the respective governments on certain cooperative projects. These projects, estimated to cost \$10 million annually over a three-year period, include establishment of a free port and improvement of harbor facilities in Karachi, furnishing additional equipment for Pakistan railways to facilitate transit of Afghanistan goods, improvement of the road between the Pakistan border and Kabul, and development of an international airline linking Kabul with Karachi and other cities in nearby countries. The projects would be financed from the Asian Regional Fund (with the possible exception of the airline).

It is highly desirable that action be initiated as soon as possible to move forward with the projects. While the settlement of the dispute between Afghanistan and Pakistan has resulted in creation of an atmosphere propitious for initiation of projects requiring cooperation between the two countries, this atmosphere could quickly deteriorate. Moreover, Communist action in agreeing to provide arms for Egypt, as well as offering arms to other Near Eastern countries (we have reports of a Czech sale of arms to Afghanistan), would appear to indicate increased Soviet efforts to extend its

³ Printed *ibid.*, p. 1433.

⁴ Under Secretary Herbert Hoover, Jr., and ICA Director John B. Hollister were visiting several Asian countries in order to evaluate American aid programs. Additional documentation on the Hoover-Hollister trip is in Department of State, Central File 110.12-HO and in Conference Files: Lot 59 D 95, CF 534-541. Tab B is not printed here, but see footnote 5 below.

influence in this area of the world. Initiation of these projects would assist in forestalling these efforts.

Recommendation

That you approve the dispatch of the attached telegram to the Under Secretary and Mr. Hollister requesting approval of instructions to Embassies Kabul and Karachi for initiation of negotiations on projects pursuant to NSC 5409.⁵

⁵ This telegram was approved and sent as Tohol 11, October 7. (*Ibid.*, CF 540, Box 106)

97. Telegram From the Embassy in Afghanistan to the Department of State¹

Kabul, October 15, 1955—5 p.m.

366. In lengthy conversation this morning, at his request, Foreign Minister Naim disclosed following:

1. GOA sent to Ambassador Ludin "some days ago" special message from King to President Eisenhower,² calling attention to deteriorating Pak-Afghan situation and inviting US intervention. He did not know what effect President's illness³ would have on delivery this message.

2. Naim's purpose in lengthy talks here has been to assure that USG has full understanding GOA views, including view that only hope for Afghan's future lies in USG assistance in solving "vital" Pushtunistan question. Although he had made GOA's views known to Secretary and through various other channels, Naim wanted recapitulate them for USG to consider before replying to King's message.

3. Three main objectives of GOA foreign policy to which Naim draws USG attention (Embdes 92)⁴ are:

¹ Source: Department of State, Central Files, 689.90D/10-1555. Secret; Priority. Repeated to Karachi, London, and Ankara; passed to the Army and Air Force.

² See *infra*.

³ President Eisenhower had recently suffered a heart attack.

⁴ Dated October 17, not printed. (Department of State, Central Files, 661.89/10-1755)

A. Satisfactory solution of Pushtunistan question and enduring friendly relations with Pakistan. GOA objectives noted in Embtel 334.⁵ He insisted GOA "means no harm whatsoever" to Pakistan. On contrary the solution of question to which GOA would agree will strengthen both countries.

B. Some form of GOA association with "free world", form depending on USG wishes. He said he does not ask USG to arm Afghan, for role this country can play must be determined by higher "free world" policy.

C. Development of Afghan, from economic-security standpoint. Country, he said, can no longer remain "dead body" as it has in past century.

4. In response to "one unit",⁶ GOA is withdrawing Chargé in Karachi, "because his mission has failed." Afghan Embassy there will be left in charge of First Secretary. Question of relations with Pakistan will now be considered "national question", to be turned over to Parliament and probably "Loe Jirgah", (tribal conclave). He has no idea when Loe Jirgah would take place. It is up to GOP to determine whether measures such as border blockade are re-imposed. If blockade re-imposed, GOA has already had experience and does not fear it.

5. Maiwandwal⁷ (Deptel 209⁸ and Embtel 354⁹) went to Cairo to consider means of securing more favorable publicity for Afghan cause in Arab world. While there he took initiative "to call on his old friend Byroade". He will visit Turkey also.

6. In response to USG expression of concern re possible disturbances (Deptel 203),¹⁰ Naim expressed surprise USG would base its "judgments" on "rumors" and also attacked as he usually does USG reiteration of policy of "non-interference" in Pakistan-Afghan dispute. Disregarding distinctions between "interference", "mediation", and "helpfulness", Naim contended vigorously that USG is only

⁵ Dated October 9, not printed. (*Ibid.*, 689.90D/10-855)

⁶ Pakistan was scheduled to implement the One Unit Plan officially on October 14.

⁷ Mohammed Hashim Maiwandwal, Afghan Minister of Information.

⁸ Dated October 13, not printed. (Department of State, Central Files, 689.90D/10-1255)

⁹ "It is not improbable," Ambassador Ward reported in telegram 354, October 14, that "Egyptians with or without connivance of Soviets are using prospects of arms from Soviet bloc to dissuade GOA from thoughts of association with its northern tier neighbors." He also noted that the news of Iran's intention to adhere to the Baghdad Pact "can be expected have acute repercussions on Afghanistan." As a result, he suggested, "it is also probable that we shall witness intensified Soviet efforts to prevent Afghan alignment with northern tier countries, since it is obvious Afghanistan is only missing link geographically." (*Ibid.*, 780.5/10-1355)

¹⁰ In telegram 203, October 12, ICA and the Department of State authorized the Embassies in Afghanistan and Pakistan to approach the governments of those countries regarding a proposed U.S. economic package designed to bring Afghanistan and Pakistan closer together. (*Ibid.*, 689.90D/10-1255)

agency which can secure solution to Pakistan-Afghan issue re Pushtunistan.

Comment: Somewhat desperate because of predicament in which it finds itself following its futile public opposition to "one unit", and further stirred by increasing East-West attention to this country particularly following announcement of Iran's intention to adhere to Baghdad Pact, GOA is once again seeking involve USG in its dispute with GOP and exerting maximum effort to do so. During conversation Naim remained totally unmoved by arguments such as increased danger of Soviet threat, need to continue on conciliation course with Pakistanis, simplicity of breaking impasse by holding Prime Minister talks which Pakistanis have happily approved, USG continuing helpfulness to both sides, etc. His mind was on one track—USG is sole agency which can arrange Pushtunistan solution.

Hopes for fruitful Pakistan-Afghan relations thus again look gloomy. However, to throw up our hands would in Embassy's opinion only benefit cause of Soviets who continue to profit from unfortunate Afghan attitude. At moment, Embassy sees three possible courses of action:

1. Message from Secretary to Naim, perhaps as reply to King's message to President, urging meeting of Prime Ministers as had been planned, and adding appropriate expressions of USG active friendship. While this measure runs risk of injecting US into issue, it need not do so irrevocably or too deeply. By providing something in writing from top USG authority, this measure might give GOA basis needed for face saving purposes to engage in talks with Pakistanis.

2. Take advantage of Turk interest in situation by encouraging Turks to mediate between two countries. Maiwandwal's visit could provide opportunity for Turks to make move.

3. Stand by for few weeks until after Loe Jirgah and see whether GOA has "cooled off" sufficiently to initiate friendly efforts then to bring two sides together again. This measure leaves field to Soviets in meantime.

Ward

98. Memorandum of a Conversation, Department of State,
Washington, October 20, 1955¹

SUBJECT

Delivery of Message for the President from King Zahir of Afghanistan

PARTICIPANTS

The Secretary
Mohammad Kabir Ludin, Ambassador of Afghanistan
SOA—N. G. Thacher
SOA—J. M. Howison

Observing that he had been instructed to deliver King Zahir's message orally "at the President's bedside" if possible, Ambassador Ludin presented "the substance of the remarks he was to have addressed to the President" in the form of a letter of his own drafting and asked that it be brought to Mr. Eisenhower's attention. Afghan-Pakistan relations had again become critical with the promulgation of "One Unit" in West Pakistan without prior consultation between the Afghan and Pakistan Prime Ministers. Having in mind "the enormous prestige of the President" and the confidence with which the United States is regarded by both governments, the King of Afghanistan had wished to call this situation to the President's attention and to express the hope that the U.S. would not withhold its efforts to bring about friendly relations between the two nations.

The Secretary undertook to bring the King's message to the President's attention as soon as possible. He pointed out that, owing to the state of his health, the President was only able to attend to a limited volume of business, chiefly on matters the background of which was already familiar to him.²

¹ Source: Department of State, Central Files, 689.90D/10-2055. Secret. Drafted by Howison.

² In telegram 250 to Kabul, October 29, the Department informed the Embassy of this conversation and included a verbatim text of the draft reply from the President to the King. (*Ibid.*, 689.90D/10-1555)

99. Telegram From the Embassy in Afghanistan to the Department of State¹

Kabul, November 2, 1955—9:04 a.m.

433. Embassy appreciates and welcomes Department's utilizing opportunity of President's reply to King Zahir to make move which may help break present Pakistan-Afghan impasse. In addition to revisions to President's reply suggested in Embtel 431,² Embassy offers following observations as indications of current thinking here even though points have probably already been subject of Departmental consideration:

1. As indicated in Deptel 250,³ proposed meeting would only be Geneva-type beginning. British here feel that meeting should not even be suggested until there has been exploration at Karachi and Kabul as to what substantive progress is possible. British point out that talks have been held periodically for 8 years with deficiency being that ground had not been adequately prepared. Our view is that exploratory approaches would result in complications and delays. We feel, moreover, that Geneva nature of initial meeting will, as Department states, establish atmosphere conducive to substantive progress in later discussions. In general, we feel maximum agreement which Pakistan-Afghan discussions can be expected to achieve in foreseeable future is:

(a) From Pakistan side (1) "assurances" re welfare and cultural identity of Pushtunists; (2) some joint efforts at tribal development; (3) establishment of new economic ties between 2 countries and strengthening of old ones (includes transit).

(b) From Afghan side (1) official renunciation of territorial designs on or dismemberment of Pakistanis; (2) cessation of anti-Pakistan agitation among tribes and tapering off of hatred-breeding Pushtunistan propaganda; (3) cooperation in tribal and economic projects. Although US should continue to avoid being pushed into middle of dispute, ultimately becoming scapegoat, conferees should be aware of USG desire to be of assistance (Deptel 205)⁴ in carrying out economic projects.

2. Complete and instantaneous vanishing of Pushtunistan problem cannot be expected. Objective should be to ease us over this and

¹ Source: Department of State, Central Files, 689.90D/11-255. Secret; Priority. Repeated to Karachi, London, Ankara, and Lahore.

² In telegram 431, November 1, Ambassador Ward suggested several minor revisions in the Department's draft reply to the King, such as a specific reference to the King's message to the President and a cautionary note about recent Soviet overtures. The Embassy believed that a more direct use of the "carrot-and-stick approach" was warranted than was reflected in the Department's draft. (*Ibid.*, 689.90D/11-155)

³ Dated October 29, not printed. (*Ibid.*, 689.90D/10-1555)

⁴ Dated October 12, not printed. (*Ibid.*, 689.90D/10-1255)

ensuing crises until passage of time, Pakistan maturation, and developing Pakistan-Afghan relations cause problem to liquidate itself.

3. When delivering President's letter to King, some oral explanatory remarks would seem be in order and Department's guidance would be appreciated. In particular, impending success of new Soviet overtures, such as arms deal with Czechs, argues for USG laying cards on table along lines US Government spokesman quoted in October 25 issue of European edition of *New York Times*, namely, that USG will give sympathetic consideration of granting of economic aid to Afghan, if Afghans curtail present pro-Soviet policies, and if Afghan differences with Pakistan can be adjusted.

4. Role of Daud should not be considered of primary importance. Embassy believes if USG pursues active policy of what is right for both US and Afghan, putting principles above personalities, Daud will either have to cooperate with inevitable or fall.

5. In Department's draft, Embassy senses reluctance and timidity. This brings us back to root question, "to what extent is USG interested in Afghan?" If interest only nominal, President's letter would preferably be simple acknowledgement of King's appeal and reiteration that Pakistan-Afghan affairs is none of our business. If, on other hand, it is important to USG to keep Afghan outside Soviet orbit, we must be prepared to pay price, which involves not only economic assistance but also greater heed to local preoccupations such as Pushtunistan as well as basic determinations as to this country's role in regional defense.

Hard decisions re extent of USG interest and paying price seem be confronting us throughout mid-East these days and we realize difficulties with which these choices confront USG. However, need for such decisions re Afghan has been accentuated by increasing Soviet attention to this country, particularly following Iran's adherence to Baghdad Pact.⁵

Ward

⁵ In telegram 499 from Kabul of November 19, Ambassador Ward reported that he had delivered the President's letter to the King the previous evening. The King stated that the letter was very welcome and most helpful and that he was most appreciative of the "good intentions" expressed therein, Ward noted. Afghan-Pakistani relations were far from satisfactory, the King explained, but he assured the Ambassador that Afghanistan would do nothing to disturb the peace of the area or "anything dangerous to Pakistan." (*Ibid.*, 689.90D/11-1955)

100. Memorandum From the Director of the Office of South Asian Affairs (Jones) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Allen)¹

Washington, November 23, 1955.

SUBJECT

Problem of U.S. Policy Regarding the Pushtunistan Dispute

Problem:

On October 20 Afghanistan Ambassador Ludin delivered to the Secretary a message from the King of Afghanistan for the President, requesting him not to "withhold . . . ² efforts for the creation of ways and means of understanding" between Afghanistan and Pakistan.³ Ambassador Ward on November 19 delivered the President's reply to the King which stated that the President would be glad to do what he could to achieve understanding between Afghanistan and Pakistan and asking for the King's views regarding the way in which the President could be of assistance.⁴

The problem is to determine what action the United States Government should take following the King's reply to the President's message.

Expected Nature of King's Reply:

It is, of course, impossible to decide definitely on U.S. policy until after the receipt of the King's reply. If the past attitude of the Afghan Government regarding the U.S. role in the Pushtunistan dispute can be considered as a guide, however, it is anticipated that the King in his reply will request the United States Government to utilize its influence with the Pakistan Government to get it to agree to some concession to the Afghan position regarding self-determination for the Pushtu-speaking peoples resident on the Pakistan side of the border between the two countries.

Considerations Affecting U.S. Decision:

One of the most important considerations affecting the U.S. as to the action which it might take following the King's reply is the

¹ Source: Department of State, Central Files, 689.90D/11-2355. Also addressed to Rountree.

² Ellipsis in the source text.

³ See Document 98.

⁴ See footnote 5, *supra*.

evaluation of the chances that the Soviet Union would increase its influence in Afghanistan to the extent that it became dominant if the U.S. did not intervene with the Pakistan Government in Afghanistan's behalf. This evaluation will be a continuing one affected by unfolding events such as the pending visit of Bulganin and Khrushchev to Afghanistan.⁵

Perhaps the second most important consideration in determining U.S. policy towards the Pushtunistan question is its effect upon our relations with our close ally Pakistan. Pakistan has openly and clearly allied itself, both militarily and politically, with the free world and great care should be exercised to take no action that would weaken its ties with the U.S. and other countries of the free world. However, almost any action we may take by way of mediating the Pushtunistan dispute with the hope of mollifying the Afghans will be distasteful to the Pakistanis as it will involve some retreat from their position that any question of the status of the Pushtuns inside Pakistan's borders is solely an internal affair and that Pushtunistan cannot be considered an international question.

Conclusions:

1. Probably the most advisable action for the U.S. is to try to get discussions started between Afghanistan and Pakistan on outstanding problems. The Afghans probably would not agree to participate in such discussions unless it was understood, tacitly at least, that Pushtunistan might be discussed. We should strive to be sure the discussions do not break down.

2. Concurrently with this we should take other steps to try by concrete action to show the Afghans that their national interests lie with the free world.

Recommendations:

1. That we ask the Pakistanis to undertake discussions with the Afghans of Pak-Afghan problems not excluding the Pushtunistan question, and similarly try to persuade the Afghans to join in such discussions. The next message to the King could suggest such discussions.

2. That we study in light of the effect of the Khrushchev and Bulganin visit and other factors:

- a. What concessions the Government of Pakistan might make with regard to the Pushtunistan issue—or the creation of better relations with Afghanistan—which would not weaken Pakistan's sovereignty over Pakistan territory, including the tribal areas.

⁵ Bulganin and Khrushchev were scheduled to visit Afghanistan on December 15 for the purpose of considering additional Soviet aid to that country.

b. What assistance we might offer the Afghans in such matters as expediting transit of goods or in purchase of small arms to prevent the Afghans from moving further towards the Soviets and to demonstrate that Afghan interests lie with the free world.⁶

⁶ In a handwritten note on the source text, Allen made the following comments: "I would also like to consider the possibility of a counter-move by Pakistan. They might stir up some trouble among the Pushtoons of Afghanistan, or at least threaten to do so."

101. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, November 30, 1955—8:28 p.m.

1158. Department interested in reiteration by Mirza of GOP offer hold talks with Afghans (Kabul 535² repeated Karachi 209) as it considers direct talks give best hope progress toward solution dispute. Understand chief obstacle to such talks has been Pakistan insistence Afghans agree prior to initiation talks that Pushtunistan would not be discussed. It thus appears that perhaps only way initiate talks would be to leave question Pushtunistan open. We therefore hope Pakistanis will find it possible not to insist that it be specifically excluded.

FYI only, consideration being given to desirability indicating in President's reply to King's message (Kabul 528³ repeated Karachi 205) US support to idea holding Pakistan-Afghan discussions. Meanwhile, however, suggest you discuss problem with Mirza or other Pakistani officials basing your approach on Mirza's statement in order lose no opportunity foster idea desirability early initiation direct talks. In particular you might point out US belief that urgent

¹ Source: Department of State, Central Files, 689.90D/11-2755. Secret. Drafted by Thacher, Jones, and Rountree and approved by Rountree. Repeated to Kabul, London, New Delhi, Tehran, Ankara, Lahore, and Dacca.

² In telegram 535, November 28, Ambassador Ward reported that Radio Kabul quoted Pakistan's Governor General Mirza to the effect that it would be necessary for Pakistani and Afghan authorities to hold a roundtable conference and make increased efforts for solving their differences. (*Ibid.*, 689.90D/11-2855)

³ In his letter to President Eisenhower, dated November 27, transmitted in telegram 528, King Mohammed Zahir proposed that Pakistan and Afghanistan hold direct negotiations in order to solve the differences separating the two countries in regard to the Pushtunistan issue. He expressed the hope that the "friendly initiative" of the United States would prepare the ground for these negotiations. (*Ibid.*, 689.90D/11-2755)

steps called for, especially by Baghdad Pact countries, to counter growing Soviet threat to Asia through Afghanistan.⁴

Dulles

⁴ In telegram 1036 from Karachi, December 2, Ambassador Hildreth summarized recent conversations with the Pakistani Governor General and Prime Minister. In his talk with Mohammed Ali, the Prime Minister emphasized that Pakistan was not interested in a direct meeting with Afghanistan until it was officially advised of the U.S. position on the Durand Line. He pointed out that the objectives of excluding Soviet influence in Afghanistan and maintaining friendly relations between Pakistan and Afghanistan "were utterly impossible as long as Daud was Prime Minister and to have a direct meeting, whether successful or unsuccessful might only strengthen Daud's position and defeat said long range objectives." Hildreth suggested to the Department that it take an affirmative stand on the Durand Line issue in reply to the King's letter to the President. "To do otherwise," he argued, "just prolongs agony of Afghans as our interests Pakistan will eventually require US support their territorial claims which have legal basis." (*Ibid.*, 689.90D/11-2755)

102. Editorial Note

At a meeting of the National Security Council on December 1, Allen Dulles began his survey of key world developments affecting United States security with a discussion of the Pushtunistan crisis:

"The Director of Central Intelligence mentioned first the dangerous situation in Afghanistan, to which the entire intelligence community was alerted. He explained that the quarrel between Afghanistan and Pakistan had resulted in Afghanistan's being cut off from communications by sea. Accordingly, Afghanistan was now largely dependent on routes through the Soviet Union for exports and imports. The Morrison-Knudsen people were experiencing great difficulty in getting in the materials needed for their dam project. The Afghans were attempting to force Morrison-Knudsen to import their necessary materials through the USSR.

"Mr. Dulles said that the situation in Afghanistan was now reminiscent of that which had prevailed in Iran not so long ago. In each case there was a strong-minded Prime Minister who for the moment had been playing the Soviet game. The Afghan King seems either unable or unwilling to control Prime Minister Daud. Most recently Daud had thrown out the Minister of Defense, who was strongly anti-Communist.

"The President inquired whether what was going on was the work of a single individual or of a junta. Mr. Dulles replied that it was the work of a single individual, Prime Minister Daud. Secretary Dulles commented that the present situation had developed out of the violent feud between Afghanistan and Pakistan over the Pushtu tribes. Pakistan was firmly on the side of the West so, in the all-too

familiar pattern, Afghanistan was looking to the Soviet Union. Secretary Dulles thought that the only solution was to achieve a settlement of the Pushtunistan problem.

"After further questions and answers, Governor Stassen suggested that the United States should try to mediate the quarrel between Afghanistan and Pakistan, and also provide a little more economic assistance to Afghanistan. Secretary Dulles, however, expressed doubt as to the wisdom of offering our good offices to settle this dispute, on grounds that the Afghan Government did not really appear to welcome our mediation. The President, referring to a recent letter from the King of Afghanistan, said that he presumed that if mediation were undertaken we would have to be prepared to give to Afghanistan part of the territories in Pakistan which they claim. Governor Stassen said that in his view if the United States did not mediate promptly, Afghanistan was likely to slip behind the Iron Curtain. The President said that he assumed that the Pakistanis were not disposed to yield an inch of their territory. Mr. Allen Dulles confirmed the correctness of this assumption, but Governor Stassen pointed out that Pakistan was in desperate need of U.S. assistance and was in no position to carry on without it." (Memorandum of discussion at the 268th meeting of the National Security Council, by Gleason, December 2; Eisenhower Library, Whitman File, NSC Records)

103. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, December 3, 1955—3:57 p.m.

1189. Embtel 1036.² Please convey at your discretion following to Governor General and Prime Minister:

Department is surprised that Governor General and Prime Minister have any question in their minds re U.S. attitude on Pak-Afghan frontier. We have had no intention at any time to cast doubt on definitive nature of frontier delineating territory over which GOP exercised jurisdiction at time of our recognition of Pak in 1947 and would not support direct Pak-Afghan talks if we thought such talks would jeopardize Pak territorial integrity. Afghan Ambassador in Washington has assured Department many times on behalf his

¹ Source: Department of State, Central Files, 689.90D/12-255. Secret. Drafted and approved by Allen. Repeated to Kabul, London, Tehran, Ankara, and Lahore.

² See footnote 4, Document 101.

government that Afghans have no designs on Pak territory and it is on this basis that we support direct talks.

Department hopes following communication foregoing assurances to GOP, it will be willing move forward rapidly bring about direct meeting with Afghans on lines set forth first para. Deptel 1158.³ We agree with Prime Minister that meeting may produce few concrete results but we would expect that GOP would make responsible and statesmanlike effort achieve successful outcome. If GOP willing take this approach to meeting we believe it would further common U.S.-Pakistan objectives in Afghanistan.

Re Mirza's request that US assist in getting talks started we should be glad be as helpful as possible and are willing indicate to Afghans our support for talks.⁴

Dulles

³ Document 101.

⁴ In telegram 1080 from Karachi, December 8, Ambassador Hildreth reported that in a brief conference with the Pakistani Prime Minister he conveyed the essence of the above message. The Prime Minister expressed satisfaction with the U.S. position and indicated that he was willing to discuss future betterment of the Pushtun people on both sides of the Durand Line if this would be possible without impugning Pakistan's sovereignty. (Department of State, Central Files, 689.90D/12-855)

104. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, December 12, 1955—5:54 p.m.

387. Text of reply to King Zahir's November 22 [27] message² as approved by President December 12th follows:

"Dear King Zahir: I am most grateful for Your Majesty's friendly and helpful response to my recent letter. Because of the concern of the United States Government over the differences between our friends Afghanistan and Pakistan, it was heartening to me to receive your expression of willingness to negotiate differences with your neighbor.

In my own experience I have found that much can often be gained from personal contact with leaders of other countries. Feel-

¹ Source: Department of State, Central Files, 689.90D/12-1255. Secret; Priority. Drafted by Howison and approved by Rountree. Repeated to Karachi, New Delhi, Tehran, Ankara, London, Lahore, and Dacca.

² See footnote 3, Document 101.

ings of mutual respect and understanding established in such meetings can, I believe, create an atmosphere conducive to helpful discussion of real differences at issue. Accordingly, I am hopeful that it will prove possible for a meeting to be arranged between Your Majesty and the Governor General of Pakistan where a general exchange of views could take place. I am asking the Secretary of State to lend appropriate informal encouragement to constructive efforts to this end.

The United States Government is sincerely hopeful that the kind of high statesmanship demonstrated by both sides in settling the recent flag dispute will succeed in removing the remaining differences between Afghanistan and Pakistan, so that all energies may be devoted to achievement of social and economic progress within the family of free nations. Sincerely, Dwight D. Eisenhower."

Embassy authorized seek earliest opportunity deliver above message personally to King and if it deems advisable to give text to Naim in advance. Embassy should make clear to GOA considerations Deptel 293³ still cause us prefer entire President-King correspondence remain confidential.

Suggestions desired soonest from Embassies Kabul and Karachi re appropriate steps as follow-up President's letter to bring about Pakistan-Afghanistan meeting.

Embassy Karachi authorized in its discretion convey substance President's letter (not actual text) to appropriate Pak officials.

Dulles

³ In telegram 293, November 19, the Department of State informed the Embassy that it had concluded that any publicity regarding the exchange of letters between the President and the King "would seriously hamper if not make impossible efforts of US to render effective assistance in GOA-GOP dispute." (Department of State, Central Files, 689.90D/11-955)

105. Telegram From the Embassy in Afghanistan to the Department of State¹*Kabul, December 14, 1955—10 a.m.*

609. Copy of President's reply to King (Deptel 387)² was handed to Naim this noon. He said he would deliver soonest to King and expressed hope that President's "initiative will bear fruit". Naim added that in conversation week ago, Pakistan Chargé³ made impromptu suggestion that Pakistan's GG visit Afghan or King visit Pakistan not to engage in talks but as social gesture, to go hunting, etc. While seeing nothing really useful in this particular proposal, Naim said he had no objection to that or any other Pakistan-Afghan exchange for his government is interested in any measures which have even remotest chance of helping resolve Pakistan-Afghan differences.

Noting that he has always sought to be frank and honest with Americans, Naim said during forthcoming talks with Russians, GOA will not "accept any conditions which will prejudice the independence of Afghanistan", however, GOA will be favorably disposed to commercial-type agreements for strengthening itself. As he had said previously, GOA never was overly concerned with arms procurement, under assumption it could maintain friendly relations with Pakistan. Now, however, arms for defense are a necessity because of Pakistan hostile attitude. He added his previous complaints about futile GOA efforts to obtain arms from USG (due he suspected to British opposition). He also reiterated theme that American arms have encouraged Pakistan aggressiveness against Afghan.

Describing this news as most unfortunate, Embassy Counselor⁴ suggested that GOA had in its relations with Pakistan reached fork in road, with two possible courses—conciliation and militancy—and decision apparently has already been made to take latter course. An arms deal with Soviet bloc during visit Soviet leaders, Counselor said, will be construed by whole world as clear evidence that Afghanistan is becoming Soviet satellite.

Naim replied that arms were merely for self-defense and no one could believe that small Afghanistan could commit aggression on Pakistan. As for satellite status, GOA leaders would never concur.

¹ Source: Department of State, Central Files, 689.90D/12-1455. Secret; Priority. Repeated to Karachi, New Delhi, Tehran, Ankara, London, Moscow, Lahore, and Dacca.

² *Supra*. A signed copy of this letter, as well as the earlier correspondence between the President and the King, is in Eisenhower Library, Whitman File, International File.

³ Mohammed Ahram Khan Khattak.

⁴ Armin H. Meyer.

Counselor said it was not matter of what GOA leaders had in mind but rather intentions of Soviets. Eyes of world will be on Bulganin-Khrushchev visit this week. If visit is highlighted by arms deal, as well as probable Soviet statements supporting Afghan claims re Pushtunistan, whole world will be led to believe that Soviets are "using Afghans" preparing another Korea in this country. He should know by this time that Soviet arms offer as well as any Soviet statements re Pushtunistan are not made because of Soviet love for Pushtuns or Afghans but are obviously designed to exacerbate Pakistan-Afghan troubles for ultimate benefit of Soviet imperialism. In a sense, GOA by insistence on extremism re Pushtunistan seems about to destroy Afghanistan itself and facilitates Soviet expansion to this whole part of Asia.

Naim insisted outside world, including Washington, would have no right to consider arms deal as anything but simple uncomplicated matter of GOA self-defense. With Pakistan having unsheathed sword, he asked, could anybody dispute its right to use small knife? Counselor repeated that arms deal at present would be universally interpreted that GOA has decided to resort to military means to settle its affair with Pakistan. This to say least is not conducive to conciliation which King's letter suggested nor to favorable conditions for talks which President had solemnly expressed an interest in encouraging. Least GOA could do was to hold off on arms deal, and try door which President's letter opens.

Comment: Naim's attitude reflects clearly that highest government decision has been made to enter arms deal with Soviet bloc, probably during Bulganin-Khrushchev visit. Counselor did not specifically state that arms deal would cancel President's gesture, but implication was strong that such action by GOA will render successful talks most difficult.

Although some may criticize this seemingly last-minute USG effort, Embassy believes President's letter was most timely. It should have some effect, but even if it does not no one including Afghans can ever say we did not try to save this country. Admittedly latter thought is small consolation.

Ward

106. Telegram From the Embassy in Afghanistan to the Department of State¹*Kabul, December 14, 1955—3 p.m.*

612. Embtels 635,² 590,³ 384.⁴ In view recent developments Embassy believes it appropriate review our attitudes vis-à-vis Daud Government. Such review may be helpful to Department in charting future course action and to Embassy Karachi in talks with GOP officials.

1. Daud's removal—for past two years this Mission, Embassy Karachi and Department have indulged in great deal wishful thinking re (1) imminent downfall Daud and (2) alleged split in Royal family, with King and his uncles supposedly leading a moderate group in significant opposition to Daud.

With regard to (1) Daud has withstood all pressures brought to bear on him and emerged each time stronger than before. Recent Pakistan blockade offers particularly noteworthy example in this regard. In May, Embassy believed (Embtel 635) that if removal Daud was a sine qua non of joint US-Pakistan policy only and all-out effort including threat complete US withdrawal might have 50-50 chance success. Embassy of opinion chances of success now even less. Daud now has "national" backing from Loe Jergah, open transit lines through USSR and recent removal Defense Minister Arif gives him virtual control Army.

With regard to (2) above, King has proven himself weak reed on which to lean. There is little or no firm evidence of his attempting disassociate himself from Daud's policies or taking strong stand against him. If anything, he seems to be almost completely prisoner

¹ Source: Department of State, Central Files, 611.89/12-1455. Secret. Passed to the Army and Air Force.

² In telegram 635, May 24, Ambassador Ward outlined several possible alternatives for U.S. policy vis-à-vis the Daud administration. In his opinion, Ward emphasized, the entrenchment of Daud in power would be inimical to U.S. interests in the area since it would likely lead to closer ties between Afghanistan and the Soviet Union, and long-term hostility between Pakistan and Afghanistan. In the Embassy's viewpoint, the Ambassador continued, Daud was a "poor investment for US support"; he admitted, however, that opposition to Daud involved substantial risks and urged the Department to weigh carefully all these factors in deciding upon a course of action. (*Ibid.*, 689.90D/5-2455)

³ Dated December 12, not printed. (*Ibid.*, 611.89/12-1255)

⁴ In telegram 384, December 10 (telegram 1238 to Karachi; repeated to Kabul as telegram 384), the Department of State suggested that at the moment it was extremely important to encourage a conciliatory atmosphere in both Karachi and Kabul. Recent Afghan behavior, the Department pointed out, indicated that any U.S. threat to discontinue aid to Afghanistan would be likely "to propel Daud into Soviet arms while further weakening elements in Afghanistan friendly to West." (*Ibid.*, 689.90D/12-855)

of Daud. Similarly, Shah Mahmoud, apparently now in his dotage, represents only faint hope. During Loe Jergah, which presumably would have given him scope to exercise his vaunted influence with the tribes, he went on hunting expedition in North. Pakistan Chargé, who is largely responsible for theory that Shah Mahmoud is on verge getting premiership mandate from King, admits that he has not seen Shah Mahmoud nor have any Pakistan agents since just before flag settlement in September. It was at that time that Pakistan Chargé got impression that Shah Mahmoud could replace Daud. No doubt Shah Mahmoud would like premiership but he has given no evidence whatsoever of leading a movement against Daud.

To summarize Daud's present position then, Embassy and most observers are of opinion that he is in position of unprecedented strength. Given conditions as they exist in this virtual police state, where there is no free press, no political parties and where ruthless suppression of minorities is the accepted pattern, such opposition as does exist against Daud is inarticulate, uncohesive, leaderless and impotent.

In view of above it seems highly unrealistic for US or Pakistan to pursue courses of action which are colored by thought in the back of our minds that Daud is about to fall. Unless US is prepared to join Pakistan in an all out campaign to unseat Daud, he will merely exploit, as in times past, any attacks by foreigners to strengthen his position further. His great energy, as evidenced by his public works developments, whereby he can show spectacular (for this country) achievements, will continue to temper his local unpopularity. He is stubborn, and if needled, is fully capable of jumping from Pakistan frying pan into Soviet fire while his unhappy people stand by helplessly as witnessed. Therefore, unless USG is willing to take all out measures against Daud . . . Embassy firmly believes that we must accept Daud regime as a reality. If circumstances combine to remove him, that would be a welcome bonus, but to predicate our policy or in any way encourage Pakistanians to base theirs on such tenuous hopes would certainly be a mistake which could cost us dearly.

2. Evaluation of "get tough policy" in Embtel 590 Embassy pointed out that US association with Pakistan and (apparent) British policy of "firm stands" and "joint démarches" would be not only dangerous but most probably useless unless USG is prepared, if necessary, to go all the way and write off Afghanistan should Daud counter such pressures by committing country irrevocably to Soviets. Embassy assesses risks of such gamble as follows:

(1) If faced with solid US-Pakistan-British front and threat complete US withdrawal from Afghanistan, Daud might knuckle under, reject further Soviet overtures, adopt a reasonable posture on

Pushtunistan and compose GOA differences with Pakistan. However, given the nature of the man and his past performance, Embassy considers this happy result highly improbable. In this connection, US and its allies should not overrate leverage of threat withdrawal US aid because:

(a) Present aid consists primarily of advisers producing but little economic or political impact in country.

(b) EXIM Bank loan is viewed by Afghanistans as commercial banking deal and colored by GOA disillusionment re Helmand. (Embtel 553)⁵

(c) Daud would count on Soviets to replace US aid. Soviets thus far have shown every indication willingness do so and Daud's hopes will undoubtedly be raised to higher pitch by Bulganin-Khrushchev visit.

(2) However, even if Daud personally stands up under pressure of all-out joint campaign by Western powers, such move might consolidate the forces opposing him and result in his disposition. This result is more likely than any personal surrender by Daud himself, but Embassy believes, for reasons fully explained above, that there is much less chance for its success now than six months ago.

(3) If Daud neither surrenders to Western pressure nor is deposed, US would have to call his bluff and abandon Afghanistan. If this were done in the right way, . . . the free world might still extract the following profit from Afghanistan's loss:

(a) The actual withdrawal of US from Afghanistan might well achieve what the mere threat of doing so probably would not, namely spur a consolidation of anti-Daud forces and smoke out leaders willing to really lead a movement to depose him.

(b) US write-off of Afghanistan would strengthen our position with our declared allies, especially Pakistan.

(c) It would also be a stern warning to fence-sitters, would-be blackmailers and those countries who now apparently believe that best way to extract US largesse is to work both sides of street.

(d) Soviet takeover in Afghanistan would probably shake India's neutralist tendencies to core and might induce Nehru to repulse Soviet overtures to India all of which would undoubtedly be of greater importance to US interests than Afghanistan.

(e) Similar salutary effect might result in committed Muslim nations when they see one of their numbers swallowed up by Soviets.

⁵ In telegram 553, December 2, Ambassador Ward reported that Naim, in a recent conversation with Export-Import Bank officials, forcefully detailed Afghanistan's discouragement with the Helmand Valley project. "In Embassy's opinion," Ward commented, "if either GOA or we walk out on this vast project which has gained world publicity, whatever other repercussions there may be, Helmand dams will always be pointed to in Afghanistan as well as Asia as monument to American folly. No amount of explaining on our part could divert such adverse comment." (*Ibid.*, 889.2614-Helmand/12-255).

(f) US write-off of Afghanistan would put all nations in area on notice that US cannot and will not go beyond certain point to help countries who are not willing to help themselves.

(4) On other side of balance we must recognize that loss of Afghanistan to Communist bloc would:

- (a) Be a severe blow to US prestige throughout free world.
- (b) Probably result in Soviet outflanking northern tier security position by thrusting salient between Pakistan and Iran and bring Soviet influence to Pakistan's backdoor.
- (c) Have serious repercussions in US political scene where loss of one more country to Communists almost certain to raise controversial foreign policy issues in election year.

The above are stark realities which face US if we try to base our policies either on hopeful assumption that Daud is about to fall or can be knocked down with a straw. Even throwing Sunday punch at him presents US with a set of unpleasant alternatives. In these circumstances it seems all the more important to make every attempt to convince Pakistanis and Afghans of urgent need to engage in high level talks and negotiate their differences. If this attempt fails, then other alternatives may have to come into play.

3. Pakistan-Afghanistan talks we concur Ambassador Hildreth (Karachi Embtel 1036)^o that if no Pakistan-Afghanistan talks are held Daud will keep moving into Russian sphere. In event of failure of talks, we believe that if there is substance to belief that opposition to Daud policies exists, that opposition will be strengthened, even though he tries to place blame on Pakistanis. If talks succeed, Daud's position no doubt will be strengthened, but there is much to be said for his being identified with any Pakistan-Afghanistan rapprochement rather than having his demagogic energy silenced only until he can again come to power riding the Pushtunistan horse. While Loe Jergah strengthened his hand, it also made it possible for him to make almost any sort of deal with Pakistanis without concern for his home-front.

We concur with Department (Deptel 384) that hopes should be tempered for progress on traditional Pushtunistan question, but if the Pakistan-Afghanistan temperature can be lowered, that in itself would be a gain, as would, of course, progress in such matters as transit.

Ward

^o See footnote 4, Document 101.

107. Editorial Note

On December 19, Bulganin and Khrushchev concluded an official 5-day visit to Afghanistan. During the visit, the two Soviet leaders pledged \$100 million in aid to the Afghanistan Government. In telegram 652 from Kabul, December 21, the Embassy evaluated the significance of the Bulganin-Khrushchev visit. "For all intents and purposes," Ambassador Ward emphasized, "Afghan has become complete economic satellite of USSR." Due to this "economic enslavement," he added, the "Afghans will also be subject to Soviet whims and wishes politically—despite Daud and Naim protestations that no political conditions or implications exist." (Department of State, Central Files, 033.6189/12-2155)

108. Telegram From the Embassy in Afghanistan to the Department of State¹

Kabul, December 19, 1955—5 p.m.

632. Foreign Minister Naim said this morning that reply to President's most recent letter had been telegraphed to Ludin four days ago. His own translation, of which he did not provide copy, indicated brief text:

- a. Thanking President for his letter of December 12;
- b. Stating GOA welcomes any effort which will help Pakistan-Afghan settlement; and
- c. Wishing President prosperity and good health.²

In accordance Department telegram 410,³ Naim was reminded of previous warnings that wrong moves by GOA during Bulganin visit would make President's assistance most difficult and news of \$100 million deal with Soviets would most certainly have adverse repercussions, but matter was one for Washington decision. For obvious reasons, no mention was made of our urging Pakistanis to undertake high-level Pakistan-Afghan meeting.

¹ Source: Department of State, Central Files, 689.90D/12-1955. Confidential. Repeated to Karachi, London, Ankara, and Tehran; passed to Defense.

² A signed copy of this letter is in Eisenhower Library, Whitman File, International File. The text of the letter, dated December 17, was sent to Ward in telegram 429 to Kabul, December 21. (Department of State, Central Files, 689.90D/12-2155)

³ Dated December 16, not printed. (*Ibid.*, 689.90D/12-1455)

Almost as though completely surprised that USG should be concerned over Soviet-Afghan deal, Naim declared at least half-dozen times that deal was "absolutely without any political conditions or implications". It was purely long-term credit arrangement, he said, similar to Export Import Bank loans, and imposed no unreasonable terms. As usual, he protested vigorously against mere thought that Afghanistan could ever be Soviet satellite, and said whole world will be wrong in assuming Afghanistan is now on side of Soviets. GOA's policy, he said, is clearly and firmly one of neutrality. At same time, he said unless USG stands by Afghanistan, there is little, if any, hope of preventing this country from being brought into Soviet sphere. He pleaded "earnestly" that USG would continue its aid and particularly its efforts to facilitate Pakistan-Afghan rapprochement. Upon questioning, he said no arms agreement was made but he reiterated that GOA is definitely going to purchase arms.

Comment: One would think that Naim was deliberately prevaricating, but like other top government officials he appeared to have naive conviction that GOA fully capable of completely controlling its destiny despite this huge long-term mortgage which Soviets have obtained.

Ward

109. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, December 23, 1955—7:17 p.m.

440. Department found analyses contained Kabul's 612² and 652³ very helpful. Strides made by Soviets towards position of dominance in Afghan affairs makes more urgent than ever development counter ties between Afghanistan and Western world. Indispensable step this direction is improvement Pak-Afghan relations

¹ Source: Department of State, Central Files, 611.89/12-1455. Secret; Priority. Drafted by Thacher and Witman and approved by Allen. Also sent to Karachi and repeated to New Delhi, London, Tehran, Ankara, and Lahore.

² Document 106.

³ See Document 107.

despite understandable Pak pessimism and distaste for bargaining with Afghans.

Since latest response from Afghan King to President Eisenhower does not close door to suggested meeting between King and Governor General, present might be most propitious time to press forward with proposal. U.S. role in bringing about this result however must continue to be that of helpful bystander without creating impression U.S. intends assume mediatory role.

Following lines suggested as of possible assistance to Embassies in influencing host governments:

For Kabul:

Department assumes you will wish take maximum advantage of present air of apologetic friendliness now prevailing Kabul. Noting our appreciation for King's latest message you might stress our pleasure His Majesty's expression continued willingness use any means achieve peaceful settlement. We sincerely hope both sides will observe conciliatory approach towards outstanding differences. Accordingly U.S. Government hopes for high level meetings between two at earliest possible moment. Obviously talks to be successful will require moderate and careful formulation of position both sides and demonstration beforehand that talks entered into in good faith.

For Karachi:

Department recognizes problem with Pak government is one of overcoming fears, probably well grounded, of Afghan efforts twist meeting to propaganda purposes. However Department hopes Pakistanis will proceed with firm invitation to King and Prime Minister to visit Karachi at earliest possible moment. Believe terms of invitation in regard possible discussions should be as vague as possible and without specific exclusion question Pushtoonistan as possible item. They should also be warned we fear benefits proposed high level talks would be dissipated if instead half-hearted effort were made to hold lower level exchange at something like Atik-Shah level where almost inevitable failure would effectively discredit whole concept of negotiations.

Inform Department soonest your comments foregoing suggested procedure as well as views advisability other friendly nations urging both sides undertake talks.

Dulles

110. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, January 7, 1956—3:12 p.m.

1436. Department appreciates analyses Karachi 1246² Kabul 681³ and will comment more fully later on views expressed therein.

Meanwhile Department desires proceed without delay in accordance with President's last message to Afghan King to arrange meeting between King and Governor General preferably accompanied by simultaneous talks between Prime Ministers and staff. We hope such meeting would at minimum accomplish:

- (a) easing of tensions between two governments, and
- (b) discussion and progress on such matters as expediting Afghan transit trade, exchange envoys, reduction propaganda and re-opening consulates. Both sides might be reminded US willingness consider possibility providing aid needed improvement transit trade facilities. Although little possibility settlement Pushtunistan question itself may be expected at this time, dispute might be brought into less acute stage.

Department realizes there are number of obstacles in way of initiating talks and, if talks held, of their success. Since one of greatest is Afghan insistence on discussion of Pushtunistan question and Paks refusal publicly consent to this, it would probably be advisable talks be announced as on open agenda basis. It is essential that Pakistanis agree at least to listen (Karachi's 1080)⁴ to Afghans statement their case, responding perhaps with reassurance their intention to protect cultural identity of Pathans in Pakistan. We also

¹ Source: Department of State, Central Files, 689.90D/1-356. Secret. Drafted by Jones, cleared with Taylor G. Belchner of the Office of British Commonwealth and Northern European Affairs, and approved by Rountree. Also sent to London and repeated to Kabul, Ankara, New Delhi, Dacca, and Lahore.

² In telegram 1246, January 3, Ambassador Hildreth assessed the chances for any real settlement of the fundamental issue dividing Pakistan and Afghanistan as "very unpromising at moment." He proposed a "holding action" for the immediate future, "coupled with determined effort to improve atmosphere Pakistan-Afghan relations, and development of attitude and ideas on part of Pakistanis which might at appropriate time succeed in breaking deadlock." Hildreth doubted whether there was any real prospect for progress on the Pushtunistan issue and was convinced "that high level conference which spotlighted failure would have markedly adverse effects." In addition, any U.S. moves which included "undue pressure on Pakistanis and/or excessive inducements to Afghans would certainly impair our position Pakistan and probably throughout Middle East." (*Ibid.*)

³ In telegram 681, December 28, Ambassador Ward suggested that "since Pakistan-Afghan rapprochement is not one-shot proposition and high-level meeting would be only first step on road back to normal relations, Embassy on balance inclines toward view that sooner first step is taken the better." (*Ibid.*, 611.89/12-2855)

⁴ See footnote 4, Document 103.

think it advisable Pushtun question be by agreement last item for discussion. We believe most effective means resolve tentative atmosphere presently surrounding question high level talks would be for Paks issue firm invitation to King and Daud visit Karachi soonest, presumably followed by return visit Paks to Kabul. Outcome talks will depend largely on atmosphere preceding and surrounding meeting; we will continue to urge both sides do everything possible create conciliatory atmosphere.

Accordingly request Ambassador unless he perceives objection inform both Prime Minister and Governor General that US Government is convinced every effort should be made to bring about a meeting between King and Governor General and preferably also between respective Prime Ministers. To this end we strongly urge that Paks be prepared issue firm invitations for Karachi meeting at early date. If Paks agree you may say that US Government disposed instruct its Embassy Kabul approach Afghans informing them confidentially that firm Pak invitation forthcoming if they in turn will give assurances of their acceptance without unrealistic conditions.

You may further explain to Paks substance of foregoing discussion of what we would hope to accomplish at such meetings, and reassure them we fully realize difficulties and risks such proposal which nevertheless only one which appears presently to offer immediate possibility of ameliorating deteriorating situation.

Suggest Embassy London discuss with British desirability British High Commissioner Karachi supporting US representations (London 2653).⁵ Karachi should keep US [UK] High Commissioner currently advised of representation.⁶

Dulles

⁵ Dated December 30, 1955, not printed. (Department of State, Central Files, 689.90D/12-3055) Alexander C.B. Symon was the British High Commissioner in Pakistan.

⁶ In telegram 1301 from Karachi, January 11, Ambassador Hildreth informed the Department that Pakistani Governor General Mirza agreed to accept the Afghan invitation to visit the King some time between April 1 and June 30 "if proper invitation and suitable cessation hostile propaganda occurred." The Ambassador commented that he believed the Pakistanis, although pessimistic about the outcome of the meeting, "will give it the old college try because as they themselves said otherwise a complete waste of time and energy." (*Ibid.*, 689.90D/1-1156)

111. National Intelligence Estimate¹

NIE 53-56

Washington, January 10, 1956.

PROBABLE DEVELOPMENTS IN AFGHANISTAN'S
INTERNATIONAL POSITION²

The Problem

To estimate probable developments in Afghanistan's relationships with the Bloc, Pakistan, and the West and the likely effects of these developments on Afghanistan's independence.

Scope

This estimate is designed to supplement NIE 53-54, "Outlook for Afghanistan,"³ dated 19 October 1954, and to bring up to date our assessment of Afghanistan's international prospects in the light of such developments as the deterioration in Pakistani-Afghan relations and the increasingly active Soviet policy in the area. Internal problems are discussed only insofar as they relate to Afghanistan's probable international policies. The primitive nature of Afghan economic and social institutions and the concentration of political power among a handful of leading members of the royal family were discussed in NIE 53-54. A summary of pertinent portions of this estimate is attached in an appendix, "The Nature of Afghan Society."

Conclusions

1. Afghanistan is currently drifting closer to the Bloc. A continuation of this trend would seriously threaten Afghanistan's inde-

¹ Source: Department of State, INR-NIE Files. Secret. National Intelligence Estimates were high-level interdepartmental reports appraising foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of cabinet level, and the members of the NSC. The Department of State provided all political and some economic sections of NIEs.

² According to a note on the cover sheet, the following intelligence organizations participated in preparation of this estimate: CIA, and intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the IAC concurred with this estimate on January 10 with the exception of the representatives of the Atomic Energy Commission and the Federal Bureau of Investigation, who abstained on the grounds that the subject was outside their jurisdiction.

³ Printed in *Foreign Relations*, 1952-1954, vol. xi, Part 2, p. 1481.

pendence and its historic position as a buffer state. However, the USSR is likely to be content for some time to maintain close relations with and assist a "benevolently" neutral Afghanistan rather than to accomplish a clear-cut takeover either by recognizable subversion or actual force. (Paras. 8, 14-19, 30-35)

2. Afghan Prime Minister Daud's acceptance of extensive Soviet aid is motivated by his desire to strengthen Afghanistan in its controversy with Pakistan over the Pushtunistan issue⁴ and also to develop Afghanistan economically. Daud has won effective support for his policies in the limited circle of politically significant Afghans, and he is not likely to be ousted in the foreseeable future. So long as he remains in power he will probably continue to seek Soviet aid and support. (Paras. 9-12, 14-17, 22-24, 34)

3. Nevertheless, Daud and the Afghan ruling oligarchy almost certainly desire to avoid Soviet domination, and will probably continue to seek countervailing Western material aid and political support—attempting to use the threat of growing Soviet ties as leverage. Afghan leaders probably underestimate the degree to which economic connections, technical aid, intimate diplomatic and cultural contacts, and the like, can be used under Communist direction to tighten the bonds between Afghanistan and the USSR, and make an escape from the connection very difficult. The ability of the Afghans to make such an escape would depend not only on their own efforts but also on the timeliness of Western offers of countervailing support or Western willingness to bail them out if their independence is threatened. (Paras. 20, 25, 34, 36-38)

4. Meanwhile, as long as Daud continues dedicated to the Pushtunistan cause, the USSR will have a means, not available to the West, of making itself useful or even indispensable to him. Daud might reach the point where he would choose to accept Soviet support, at whatever political cost, rather than be ousted. (Para. 35)

5. So long as Daud persists in his Pushtunistan policies, Afghan relations with Pakistan will remain strained. However, neither side is likely to provoke hostilities deliberately. Pakistan's concern over growing Soviet influence in Afghanistan may lead it to seek some amelioration in its relations with the Afghans, but it is highly unlikely to make any real concessions on the Pushtunistan question. (Paras. 26-29)

6. US capabilities to induce Afghanistan to alter its present policies are limited. Increased US aid might lead the Afghans to

⁴ This issue results from Afghan demands that the Pushtu-speaking Pathan tribesmen in West Pakistan's western areas be given an autonomous state, Pushtunistan. These tribesmen are ethnically akin to the dominant Afghan tribal group. [Footnote in the source text.]

affirm their neutral benevolence toward the US as well as toward the USSR, but would probably also convince them that flirtation with the USSR was a good way to get US aid. A cut-off of US aid, or other evidence of US unfriendliness would be likely to drive the Afghans closer to the Soviet Bloc as their only source of economic assistance and political support against Pakistan. In neither event are the Afghans likely to abandon the Pushtunistan issue, and [the] US could not support Afghanistan in this controversy without alienating Pakistan. (Para. 37)

7. If Western support of the "northern tier" concept should be stepped up, and particularly if the US should adhere to the Baghdad Pact, Soviet attempts to counter these developments probably would include increased efforts to insure Afghanistan's orientation toward the Bloc. Should US bases be established in Pakistan or Iran the Soviets would probably seek to gain control over Afghan foreign and military policy. However, the character of Soviet actions would be conditioned by the attitude of India and other neutral states of the Middle and Far East. (Para. 30)

[Here follows discussion of these observations in numbered paragraphs 8-38, as well as an appendix describing the nature of Afghan society.]

112. Editorial Note

Between January 30 and February 1, a high-level delegation of British officials met with American representatives in Washington to discuss recent international developments. President Eisenhower and Secretary of State Dulles led a group of 19 American officials during the talks while British Prime Minister Anthony Eden and Foreign Secretary Selwyn Lloyd led an 8-member British delegation. One matter that received particular attention during the conversations was the joint interests and objectives of the two countries in South and Southeast Asia in light of the new Soviet activity in that area. During discussion of that subject on January 31, Eden raised the issue of deteriorating relations between Pakistan and Afghanistan:

"Prime Minister Eden referred to a message he had recently received from Mohammed Ali, the Prime Minister of Pakistan, to the effect that since the Durand line had been originally agreed between the British Government as the frontier between the Indian Empire and Afghanistan, Pakistan, as one of the successor states to the Empire, is entitled to have the same frontier. The Prime Minister

said that he planned to make a public statement on this matter upon his return to the UK. He wondered whether the United States Government would also be in a position to say something on this matter. Perhaps it could come up at one of Secretary Dulles' press conferences. The Prime Minister added that his information is that the Russians have available 5,000 tanks and 4,000 aircraft from their surplus stores which they can offer to various countries to stir up trouble.

"The Secretary replied that Assistant Secretary Allen, who was the Departmental officer directly in charge of the area concerned, was not at the meeting this afternoon and that he, the Secretary, was not informed of all of the details of the subject under discussion. He added, however, that he understood there was a meeting scheduled between the Governor General of Pakistan and the King of Afghanistan for next May. He wondered whether, if the US and the UK were both to reaffirm at this time their support of the present frontier between Pakistan and Afghanistan, this might not have adverse effect on the Afghans and make the Pakistanis too cocky on the eve of the forthcoming talks. In any case, the Secretary said, he would look into this matter.

"Prime Minister Eden said again that the present attitudes and actions of the Afghanistan Government are most unfortunate.

"The Secretary agreed." (Memorandum of conversation, February 7; Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

113. Memorandum of a Conversation, Prime Minister's Residence, Karachi, March 7, 1956, 6:20 p.m.¹

PARTICIPANTS

United States

The Secretary
Ambassador Hildreth
Mr. Allen
Mr. Gardiner

Pakistan

The Hon'ble Mr. Mohamad Ali,
Prime Minister

SUBJECT

Afghan Situation

The Secretary had sought this interview with the Prime Minister and opened the discussion by saying that he wished primarily to

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Gardiner. Secretary Dulles was in Karachi for the second SEATO Council meeting.

devote time available to the discussion of the Afghan situation.² He said he hoped that the Prime Minister was satisfied with the statements made today in the SEATO meeting.³

The Prime Minister expressed his thanks for what had been said in SEATO. (Subsequently, the Prime Minister approached the reporting officer at the reception held the same evening with the request that the Secretary be informed of his extreme gratitude at the action taken by the U.S. and other Council Representatives. He said that he had not been fully informed as to the nature of the morning's proceedings which dealt with Kashmir and the Durand Line and that had he known what had been said, he would have been much more gracious in his thanks and probably have spent more time on examining future courses of action.)

The Secretary then said that he did not like to concede that Afghanistan was bound to become a Soviet satellite and that he was afraid that the Prime Minister and his colleagues in Pakistan took this too much for granted.

The Prime Minister then stated that he thought that the deterioration of the situation had come about because of one man only, Daud, the Prime Minister of Afghanistan. The USSR has played on Daud's ambitions and has been aided and abetted by India in the process. The Prime Minister wished the facts were otherwise and did not like the situation at all. The Pakistanis were prepared to make every reasonable effort to improve the situation. He did not have much faith in the outcome of the projected visit of the GG but would do his best to make it successful. He was willing to try economic collaboration. He pointed out that it was after he became Prime Minister last August that the GOP took the first opportunity to free transit shipments and restore normal trade relations. The facts point out that Russia and India are meddling in the situation. When they talk to Americans and British, the Afghans' position is

² The Secretary had an earlier conversation with the Pakistani Prime Minister and Governor General regarding Afghanistan on March 5. During that discussion, both Mohammed Ali and Mirza expressed their fear of the serious threat to Pakistan posed by the Soviet Union, as a result of the latter's provision of arms and supplies to Afghanistan. The Prime Minister asked Dulles for U.S. recognition of the Durand Line as the international boundary between Pakistan and Afghanistan. The Secretary replied that time did not allow an extensive discussion of these issues but remarked that "while he did not pose as an authority on the long-standing dispute between Pakistan and Afghanistan, he wondered whether Pakistan's action in refusing to allow goods to transit Pakistan enroute to Afghanistan had not tended to force Afghans to look toward the North." He also indicated that he was anxious to have further talks regarding this subject during his stay in Karachi. (Memorandum of conversation by Allen, March 5; *ibid.*)

³ At that meeting, Dulles stated that the United States had recognized the Durand Line as an international boundary ever since it first entered into diplomatic relations with Pakistan in 1947.

that they are being forced into an alliance with the Russians. In this they are patently insincere. Pakistan could not stand attacks on its territory. The Prime Minister referred to certain maps published in Afghanistan indicating that the projected state of Pushtoonistan would embrace the entire northern and western areas of Pakistan on the right bank of the Indus River. This proposal made no sense whatsoever. The Afghans wish to unsettle an area which is by and large a settled and stable one. He pointed out that the Pakistani control of the tribes is a loose one, that the tribes abide by their own laws and that Pakistan collects no taxes nor revenue from them. On the contrary, Pakistan is spending money on their education and economic development projects in general. The Prime Minister pointed out that a substantial number of tribesmen are armed, and that if Russia is allowed to stir up trouble, an explosion could result. During the British occupation of India large forces had been maintained in the North West Frontier Province. Despite the fact that Pakistan maintains small forces—much smaller than the British—there had been eight years of tranquility until Daud became Prime Minister. The bulk of the Afghans hate communism, hate the Russians and pray for Pakistan in their mosques. Thousands come from Afghanistan to Pakistan every winter. All the present trouble has been caused by the mad desire of Afghanistan's rulers.

Mr. Allen then inquired why if this problem was a century old the removal of Daud was the key to its solution.

The Prime Minister replied that it might be difficult to be rid of the problem entirely, but that the uncles of the Prime Minister and other important Afghans are most unhappy at the course he is taking. He quoted the former Afghan Ambassador to Pakistan, Rafiq Attik, who before his departure from Karachi said to the Prime Minister, "We are foolish people and shall commit suicide." The totalitarian regime prevents people in Afghanistan from expressing their dissatisfaction with the course of the Government.

The Secretary asked where power rested in Afghanistan.

The Prime Minister replied that sources of power rested on the Army, and on fear. The Afghans who objected to the course of the Government were put in prison. Great trouble, however, was likely because of the Russians who could direct an attack on Pakistan through Afghanistan without being directly involved. Under the circumstances, Pakistan and her allies must exert themselves to the utmost.

The Secretary then inquired how endeavors on our part could best be directed, pointing out that the policy of Pakistan would probably make certain that a bad result would ensue.

The Prime Minister replied by giving the history of eight years of Pak-Afghan relationships. Throughout the entire time, Pakistan

had been patient with the Afghans despite much criticism of the Government's course within Pakistan. Pakistan stopped an intensive series of raids in 1950-51. The Afghan Government, however, continued throughout its vicious propaganda, and things came to a head in March when the Afghans sacked the Pak Embassy at Kabul, and the Consulate at Jalalabad, as a protest against the proposed establishment of the single administrative unit for West Pakistan. This was an unprecedented action, and Pakistan naturally retaliated by slowing down transit trade. The eventual settlement was carried out in a generous spirit by Pakistan, which was not reciprocated, and thereafter the Russians in consultation with the Afghans and with authorities in Delhi entered the scene. Under the circumstances, he feared that the GG's visit would have a negative result, that the King was weak and would not oppose his brother, Daud, and thereafter it would only be a matter of months before hostilities began. Therefore, something should be done quickly before Daud becomes stronger and the Russian grasp stronger.

The Secretary asked what it should be.

The Prime Minister replied that we should leave no doubt in any minds regarding the Durand Line, and that the U.S. would come to the aid of Pakistan if Pakistan were attacked. Then the Afghans might realize that blackmail did not pay. If the Afghans were given only one option, that of joining with Russia fully, the people of Afghanistan might be able to bring the rulers to their senses. The Prime Minister also pointed out that tribal people respect strength rather than weakness.

Mr. Allen pointed out that what the Prime Minister was requesting was not only to recognize the frontier of Pakistan but to guarantee it. The U.K. had done this for India for a couple of centuries but, the peoples of India had asked the U.K. to leave. Pakistan should realize their independence involves responsibilities of sovereignty.

In response, the Prime Minister indicated that he understood the responsibilities of independence and that Pakistan is prepared to face difficulties. However, the difficulties arose not alone from Afghanistan but from Russian attitudes. If the Afghans alone were concerned, the Pakistanis could handle the situation easily.

Mr. Allen pointed out that arms available to Afghanistan from the Soviets were not comparable to the assistance given by the U.S. to Pakistan, and that the Russians seemed primarily to be working on an economic program in Afghanistan. The Prime Minister replied that in the economic programs, neither the airfields nor the roads were without military significance, and that the information available to Pakistan was that \$40,000,000 of the Russian line of credit was available for arms.

The Secretary then said that Russian aid to Afghanistan appeared to be rather less than that furnished by the U.S. and observed that the Prime Minister did not appear to have a constructive program for handling the Afghan problem.

The Prime Minister replied that there had always been the fullest exchange of thoughts on the Afghan problem with the Embassy here and that the Pakistanis had heeded our advice in the past and would welcome our advice in the future.

The Secretary then inquired of the Prime Minister as to his opinion on the exchange of correspondence between the King and the President. He wondered whether he was aware of the letters written by the King.

The Prime Minister observed that the Royal Family of Afghanistan had an exceptional technique of reputed division within their own ranks; one would be pro-Russian; one would be pro-Free World. This made a most useful working partnership.

The Secretary then asked what Pakistan would like us to tell the Afghans.

In reply the Prime Minister thought that they should be told straight that they must play either with us or with the Russians. Nothing would please the Pakistanis more than to have the Afghans opt for the Free World, through a decision to join the Baghdad Pact, and to follow the democracies in other ways. It was unfortunate that the present regime prevented the Afghans from expressing their true pro-Western feelings.

The Secretary then said it appeared to him that the Pakistanis had lost hope in the situation and in effect that they were saying that the case was a lost one and that Afghanistan would inevitably become a Soviet satellite. He observed that this was bound to be a threat both to Iran and Pakistan.

The Prime Minister stated that the only hope was to change the regime.

Mr. Allen pointed out that this might buy time, but that the problem would persist.

The Prime Minister said that the British had been very successful during their occupation in staving off the real problem, that of Russian maneuvering.

Mr. Allen suggested an active program on Pakistan's part of improving living standards in the border area. This might encourage the tribes to turn more and more to Karachi, rather than to Kabul.

Ambassador Hildreth stated that improving living standards had resulted in demands of the tribes on the Afghan Government which might be partly a cause of the Afghan Government's resentful attitudes to Pakistan.

The Prime Minister again said that the case had only become serious since Russian intervention.

The Secretary then said that he for one did not believe in quitting in a case like this. He wanted a program to save Afghanistan from Soviet control. He did not want to miss any opportunity, and he thought there must be a way to solve this problem in view of the hostility between Daud and the King and the hostility in the tribes. The Russians are really not doing very much yet, and are not helping the tribes in the southern part of the country. A way must be found to do something constructive.

In reply, the Prime Minister stated that it was most important that the Afghans know our attitude, and understand that blackmail would not pay.

The Secretary then said that under certain circumstances there might be a justification for using our funds in such a situation. He gave an example of Yugoslavia where our assistance caused unrest among other satellites of Russia. If resources were made available to the Afghans, their use might stop, or delay, Afghan absorption by Russia, and it therefore might be worthwhile to carry out assistance programs.

Mr. Allen pointed out that if we stopped all aid to Afghanistan, the Afghans would most likely have to turn to the Russians.

The Prime Minister then said "Tell us what is wrong with the Pakistani position and we will modify it." On the other hand, if it were the opinion of the U.S. that Pakistan has no aggressive designs (Mr. Allen agreed that this was the case) then the U.S. should help support Pakistan.

The Secretary then concluded the interview as he had another engagement, ending it with an expression of hope that a way out could be found.

114. Memorandum of a Conversation, Governor General's Residence, Karachi, March 9, 1956, 8:15 a.m.¹

PARTICIPANTS

Major General Iskander Mirza, Governor General of Pakistan
 Secretary Dulles
 Ambassador Horace A. Hildreth
 (Part of the time: Begum Iskander Mirza)

SUBJECT

1. Afghanistan
2. Middle East
3. Iran
4. Pak/American Relations

Pursuant to the plea the Governor General made the day previous, Secretary Dulles and I had breakfast with the Governor General and his wife on the morning of the Secretary's departure and just prior to the Secretary's private conference with the Shah of Iran. In the mingled social and political conversation, the important points touched are as follows:

1. *Afghanistan*: The Secretary said it did not make much sense to just sit around doing nothing and let Afghanistan pass by default into the control of the Soviets. On the other hand, the Secretary said it would seem to be up to Pakistan to come up with some specific plans with some evidence that they might be capable of execution in a way that would achieve desirable results. The Governor General said he thought the best thing to do was to wait until he went to Kabul and he thought then he could really find out what the situation was and what prospects there might be for activity. He said he did not expect to get much from the King, but the King's uncle, Shah Mahmoud, was an old and good friend of his and he hoped he might get much favorable information from him. He also indicated he had other long standing friends from whom he could get helpful information. On the other hand, he said we, meaning the American Embassy in Karachi, had indicated that the information from our Embassy in Kabul was to the effect that the invitation he had been expecting from the King to visit Kabul had not been forthcoming because they were waiting for the result of the Presidential election.² Also, there was indication of a stumbling block due to the

¹ Source: Department of State, Central Files, 689.90D/3-956. Secret. Drafted by Hildreth. Enclosed in despatch 647 from Kabul. Another copy of this memorandum is *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199.

² Reference is to the Pakistani election of March 5 in which Mirza was elected President. On February 29, the Pakistani Constituent Assembly had adopted a new constitution which made Pakistan a Republic as of March 23, 1956.

condition that diplomatic representation must be restored and since Kabul had withdrawn its representation in protest against One Unit the Kabul authorities did not see how they could restore diplomatic representation with One Unit still in existence. Of course now we had to see what the results of the SEATO final communiqué³ would have on the Afghan Government.

[Here follows discussion of agenda items 2-4.]

³ This communiqué, dated March 8, stated that "the members of the Council severally declared that their governments recognized that the sovereignty of Pakistan extends up to the Durand Line, the international boundary between Pakistan and Afghanistan, and it was consequently affirmed that the Treaty area referred to in Articles IV and VIII of the Treaty includes the area up to that line." The full text of the communiqué is printed in *Department of State Bulletin*, March 19, 1956, pp. 447-449.

115. **Memorandum of a Conversation Between Secretary of State Dulles and Prime Minister Nehru, Prime Minister's Residence, New Delhi, March 9 and/or 10, 1956, 4 p.m.**¹

We spoke of the situation in Afghanistan and the possible threat that it might become a Soviet satellite and carry on military activities against Pakistan much as in the Korea or Indochina style claiming to liberate the Pakhtoonistans. Nehru spoke rather sharply and with some evidence of irritation saying that this whole trouble was of the making of the Pakistanis. They had been arbitrary in their relations and had imposed an economic blockade on Afghanistan. It was inevitable that under these circumstances the Afghans should get assistance by or through the Soviet Union or otherwise they would perish. I said that while as a result of incidents there had been a temporary closing of the Pakistan frontier, it had been of only a brief duration and was now all over. Also I said the information we have was that the Soviets were supplying arms as well as economic goods. Nehru said that he had had no information that the frontier had been reopened. (From this and other discussions, I got very clearly the impression that Nehru feels so emotionally about the Pakistanis that he automatically attributes to them the

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Dulles on March 11. The Secretary was in New Delhi as part of his post-SEATO trip to several Asian countries. Additional documentation on this trip is *ibid.*, FE Conference Files: Lot 60 D 514.

blame for everything that goes wrong in the area. He does not seem to be open to much reason or independent study of the facts where Pakistan is involved.)

JFD

116. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, March 14, 1956—7:32 p.m.

600. State-ICA message. Department concerned at increasing indications USSR and Afghanistan intend proceed rapidly towards implementation \$100 million loan agreement with possible result of Soviet domination main sectors Afghan economy. We are particularly anxious lest Soviets initiate projects southern part country which would provide opportunity for them inject themselves in delicate situation arising bad state Afghan-Pakistan relations.

One means limiting extension Soviet influence might be initiation economic development program in Afghanistan which would effectively demonstrate continuing US interest in maintenance Afghan ties with West. Department and ICA considering advisability such program. One of chief problems arising in consideration program is our desire prevent creation impression Afghanistan has only agree accept assistance from Soviet Union in order receive substantial aid from US. We also have to take into account effect on our relations Pakistan in view resentment Pakistani leaders US policy giving aid to states adopting neutral position in free world-communist conflict. It would be helpful if Afghans prior any discussion with them of aid program were to give some tangible evidence desire continue cooperation free world. (One such possibility would be issuance firm invitation Governor General Mirza visit Kabul; another would be Afghan relaxation present restriction import US goods through Pakistan.)

Among projects we have been considering are those submitted for FY 56 in Toica A-355 and A-378² from Kabul, particularly airline project.

¹ Source: Department of State, Central Files, 661.89/2-1456. Confidential. Drafted by Jones, cleared with MSA and ICA, and approved by Rountree. Also sent to Karachi and repeated to New Delhi, London, and Lahore.

² Neither further identified.

In order assist Department and ICA arrive decision re Afghan aid desire comments Embassy and USOM on following points:

1. Recent evidences if any of Afghan interest in US development assistance program.
2. Desirability of initiating such program in near future.
3. Composition of program and timing and method of approach to RGA.
4. Probability Afghanistan will be willing proceed with projects described Icato 182 Kabul,³ 430 Karachi, requiring Afghan-Pakistan cooperative effort.

For Karachi.

Would appreciate Karachi's comments on methods overcoming Pakistani objections expansion US aid program Afghanistan.⁴

Hoover

³ In this joint Department of State-ICA telegram, October 12, several possible projects were described in which Mohammed Ali had expressed interest, including improving port facilities in Karachi and equipping Pakistani railways to facilitate the transit of goods from Afghanistan. (Department of State, Central Files, 689.90D/10-1255)

⁴ In telegram 1588, February 17, Ambassador Hildreth suggested that the aid offer be postponed until after the meeting between the Governor General and the King and the upcoming SEATO conference. "Embassy alarmed broader implications of policy of rushing aid offer in attempt outbid Soviets," the Ambassador stated. "If this criterion is followed results bound to be unfortunate in all underdeveloped countries including Pakistan. Embassy suggests that Afghans will be guided eventually by their true national interests which would appear to lie in continuing to play role of buffer state and keeping foot in both camps, East and West; therefore they will seek us out sooner or later and we can afford to be patient for the present." (*Ibid.*, 790D.11/2-1756)

In telegram 892 from Kabul, February 23, Ambassador Ward indicated that he agreed with the Embassy in Pakistan "that to rush in now with indiscriminate offers of aid in attempt outbid Soviets would have generally undesirable repercussions in other underdeveloped countries, more so in Baghdad Pact countries and, of course, most of all in Pakistan." Instead, he recommended that the United States move forward first with regional projects in order to test Afghanistan's "pro-West bonafides and if reaction to test is favorable will proceed in relationship to Afghan reorientation towards Pakistan and free world." (*Ibid.*, 661.89/2-2356)

117. Memorandum of a Conversation, Department of State, Washington, April 2, 1956¹

SUBJECT

Afghan Protest re SEATO Reference to Durand Line

PARTICIPANTS

Mr. Mohammad Kabir Ludin, Ambassador of Afghanistan
 NEA—George V. Allen
 SOA—John M. Howison

Ambassador Ludin handed Mr. Allen a five-page note protesting the reference to the Durand Line as the Afghan-Pakistan boundary made in the communiqué issued by the second conference of SEATO at Karachi.² He stated he supposed Mr. Allen had already been made acquainted with the substance of the note, which had previously been delivered to Embassy Kabul.³

Mr. Allen reminded Ambassador Ludin that he had accompanied Mr. Dulles to Karachi and had participated in the SEATO meetings. He wished to give Ludin his impressions of the way in which the matter had been discussed. He personally had hoped that the Durand Line question could have been avoided altogether by the conference. However, the Bulganin statements supporting Pushtunistan,⁴ which he supposed were not solicited by the Afghans (Ludin affirmed this), had made it appear necessary for SEATO to "set the record straight" so that there might be no misunderstandings. Mr. Allen emphasized that the position taken by the SEATO conferees was taken "severally". As he recalled, Australia had been the first to express its view, and then it had developed that each of the countries represented also recognized the Durand Line as the Afghanistan-Pakistan border. This particular sector of the SEATO perimeter was singled out for clarification because it was the only sector which had been called into question.

¹ Source: Department of State, Central Files, 689.90D/4-256. Confidential.

² See footnote 3, Document 114.

³ In telegram 1030 from Kabul, March 20, Counselor of Embassy Armin H. Meyer reported that Afghanistan had officially delivered a protest to the Embassy regarding the SEATO communiqué. He briefly summarized its chief points, concluding that while the fact and the language of the protest were unwelcome, it was obviously a "face-saving move" by the Afghans. Meyer, who had been American Chargé at Kabul since Ambassador Ward's retirement on March 3, added that Afghanistan's apparent desire to proceed with plans for the proposed meeting between the Afghan King and Pakistani President were actions which spoke louder than words. (Department of State, Central Files, 689.90D/3-2056) In telegram 1007, March 15, Meyer similarly assessed Afghanistan's reaction to the SEATO communiqué regarding the Durand Line.

⁴ These statements were made during the Bulganin-Khrushchev visit to Kabul, December 15-19, 1955.

Mr. Allen called attention to the sentence in the fourth paragraph of the Afghan note to the effect that the Afghan stand is based on post-partition developments in the Indian subcontinent. Although Ludin explicitly confirmed this statement, he repeatedly referred to pre-partition aspects of the question in the general discussion which followed.

Asked whether Afghanistan would accept the adherence of Pushtunistan if the Pushtuns themselves voted to join Afghanistan, Ludin responded emphatically in the negative. It was Afghanistan's belief, he said, that if Pushtunistan were independent, there would then be no issue to prevent close solidarity among Afghanistan, Pushtunistan, and West Pakistan; they would become virtually a single entity. When Mr. Allen pointed out that the Pushtunistan idea was not very practical since there was no local *de facto* government capable of assuming responsibility for maintaining stability in the area, Ludin made no direct rejoinder.

During a discussion of the legal aspects of the question of sovereignty over the disputed area, Mr. Allen observed that in cases where real estate ownership was in dispute and neither party held a deed, one factor usually taken into consideration was the intention of the previous holder of clear title. In the case of Pushtunistan, Britain had previously exercised authority over the area, and it appeared from Mr. Eden's recent statement in Commons⁵ that Britain had intended to convey its "ownership" of Pushtunistan to Pakistan.

Ludin expressed great personal concern over the situation in Afghanistan, and voiced the hope that the U.S. would do something to halt present trends. Pushtunistan tensions seemed to be self-aggravating, and the situation of Afghanistan was causing Ludin to lose sleep. Mr. Allen replied that he hoped the prospective Mirza-Zahir talks would improve the situation, although he was aware that such talks sometimes produced negative results.

Ludin expressed the hope the Department would make an official response to the Afghan protest note; he appreciated Mr. Allen's personal explanations, but feared that it would be improper for him to report them as representing the U.S. position. He might be suspected in Kabul of attempting to put too good a face on the American position, and he wanted to be sure he was reporting the

⁵ On March 1, Eden reaffirmed Great Britain's recognition of the Durand Line as the international boundary between Pakistan and Afghanistan.

official U.S. view accurately. Mr. Allen undertook to consider a possible reply.⁶

⁶ On May 15, the Department of State delivered an official reply to the Afghan protest note. The U.S. statement reads in part:

"The Government of the United States has always regarded the Durand Line as the legal boundary between Afghanistan and Pakistan. This view has been affirmed by the United Kingdom, which previously exercised responsibility over the area. By its participation in the SEATO communiqué, the Government of the United States has reaffirmed its position, with which the Government of Afghanistan is familiar.

"The reference to the Durand Line in the SEATO communiqué should be primarily regarded in the broad context of developments in South Asia in recent months. These developments have made it desirable that members of SEATO, all of which recognize that the sovereignty of Pakistan extends up to the Durand Line, make it clear that the region referred to in Articles IV and VII of the Treaty includes the area up to that line, in order to avoid any possible misunderstanding in this respect." (Note from the Secretary of State to the Afghan Ambassador; Department of State, Central Files, 689.90D/5-1756)

118. Memorandum of Discussion at the 285th Meeting of the National Security Council, Washington, May 17, 1956¹

Present at the 285th Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Items 3 and 4); the Director, Bureau of the Budget; the Special Assistant to the President for Disarmament; the Special Assistant to the President for Atomic Energy; the Director, International Cooperation Administration; the Director, U.S. Information Agency; the Under Secretary of State; Assistant Secretary of State Bowie; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Assistant to the President; Special Assistants to the President Anderson, Jackson and Dodge; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the main points taken.

¹ Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on May 18.

1. Significant World Developments Affecting U.S. Security

[Here follows discussion of Egypt's recognition of Communist China, the North African situation, and several other matters.]

Apropos of Afghanistan, our policy toward which presently would be the subject of Council discussion, Mr. [Allen] Dulles pointed out that there was no doubt that the Soviets were making a major effort to extend their influence over that country. Visas had been recently issued for the entry of several hundred Soviet technicians into Afghanistan. Some \$30 to \$60 million of the \$100 million loan recently made by the USSR to Afghanistan had already been allocated among thirteen different projects. As yet, however, nobody knew how much, if any, money had been spent. In addition, truckloads of small arms were entering Afghanistan from the Soviet Union. While the Soviets could not yet be said to have taken over Afghanistan and might not be able to do so, as long as Afghanistan was cut off from the West by its feud with Pakistan, Afghanistan would turn more and more to the USSR. Mr. Dulles noted that some hope of a settlement of the quarrel between Afghanistan and Pakistan attached to the forthcoming visit of President Mirza of Pakistan to Kabul. After discussing the projects for the development of airlines and airports in Afghanistan, and the rivalry between the United States and the USSR with respect to these projects, Mr. Dulles recommended strongly that the United States try at least to maintain an air foothold in Afghanistan.

The National Security Council:

Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to Egyptian recognition of Communist China; the North African situation; the announced Soviet armed forces reduction; the situation in Poland; railroad construction by the Communist Chinese to Amoy and Fuchow; and Afghanistan.

2. *United States Policy Toward South Asia* (NSC 5409; ² Progress Report, dated March 30, 1956, by OCB on NSC 5409; ³ NIE 53-54; ⁴ NIE 53-56; ⁵ Memos for NSC from Executive Secretary, same

² See *Foreign Relations, 1952-1954*, vol. XI, Part 2, p. 1089.

³ Not printed here.

⁴ See *Foreign Relations, 1952-1954*, vol. XI, Part 2, p. 1481.

⁵ "Probable Developments in Afghanistan's International Position," January 10, 1956, not printed. (Department of State, INR-NIE Files)

subject, dated December 14, 1954⁶ and May 14, 1956;⁷ NSC Action No. 1542)

Mr. Anderson briefed the Council on the recommended changes proposed by the NSC Planning Board in our present policy toward Afghanistan. In concluding, he pointed out the Planning Board's feeling that there were very severe limitations on the capability of the United States to counter Soviet maneuvers in Afghanistan. (A copy of Mr. Anderson's brief is filed in the minutes of the meeting.⁸)

When Mr. Anderson had finished, the President asked if anyone had anything to say on the subject. Secretary Dulles replied that the newly proposed paragraph 56-A of NSC 5409, which warned against undertaking an economic program matching in size and scope that of the Soviet Union, was not intended by its authors to exclude continued economic developmental assistance to Afghanistan. Mr. Anderson reassured the Secretary of State that this paragraph was not intended to exclude economic developmental assistance to Afghanistan.

Director Brundage called attention to the figures in the Financial Appendix to the revised policy statement, indicating that the United States estimated possible expenditures in the years 1958 and 1959 for economic assistance to Afghanistan of up to \$12 million in each year. Mr. Brundage wondered whether it was wise to make commitments of this size for a period so far ahead.

The President agreed, and stated that he did not see how we could estimate such commitments until we had determined how such funds were actually to be spent in Afghanistan. Secretary Wilson added the view that the United States could really do nothing for Afghanistan until the latter's quarrel with Pakistan had finally been settled.

In response to Secretary Wilson, Secretary Dulles pointed out that the quarrel between Afghanistan and Pakistan had already been going on for hundreds of years, to which Admiral Radford added, thousands of years. Accordingly, Secretary Dulles doubted the

⁶ See *Foreign Relations, 1952-1954*, vol. xi, Part 2, p. 1151.

⁷ This memorandum was prepared by the NSC Planning Board pursuant to NSC Action No. 1542, approved on April 27, 1956, which directed the Board to undertake an immediate review of those sections of NSC 5409 pertaining to Afghanistan. (Department of State, S/S-NSC Miscellaneous Files: Lot 66 D 95, NSC Records of Action) Enclosed with this memorandum was a report entitled "Expansion of Soviet Influence in Afghanistan and U.S. Countermeasures", reviewing the Soviet offensive in Afghanistan and suggesting certain revisions in NSC 5409 which were discussed at this NSC meeting. (*Ibid.*, NSC Files: Lot 62 D 1, NSC 5409-45 Policy Toward South Asia)

⁸ Not printed.

wisdom of waiting upon a settlement of the feud before trying to do something to save Afghanistan.

Mr. Hollister pointed out that the International Cooperation Administration was trying to do what it could to see that the Helmand Valley project was effectively completed. If the Morrison-Knudsen Company fails on this job, Mr. Hollister predicted that the U.S. Government would be blamed. Secretary Dulles said that the Helmand Valley project seemed to be a kind of white elephant on our hands.

Governor Stassen thought that we should strongly back the efforts of Pan American Airlines to fly in and out of Afghanistan, even though this course of action did not fall within the category of economic aid called for in the new paragraph 56-A, which recommended projects which would provide "immediately visible evidence of continued U.S. friendship" for Afghanistan. Governor Stassen suggested the addition of new language to paragraph 56-A to take account of such projects as the Pan American. Mr. Hollister replied that it might be better to consider backing the Dutch KLM Airways in their efforts to fly into Afghanistan. KLM appeared more willing than Pan American to put up the necessary funds to accomplish this objective, and besides, it might be better for an ally of the United States, rather than the United States itself, to attempt to secure an air foothold in Afghanistan. Both the President and Secretary Dulles thought Mr. Hollister's suggestion a good one. Accordingly, Mr. Hollister said he would try to find out how serious the Dutch were in the pursuit of the KLM enterprise. Admiral Radford noted that arrangements had already been concluded between Afghanistan and the USSR for flights of Soviet aircraft between Moscow and Kabul. Mr. Anderson assured the Council that there was nothing in the newly recommended courses of action which would be at variance with the airline proposals.

Admiral Radford expressed the view that the free world had less than a fifty-fifty chance of keeping Afghanistan out of the Soviet orbit

Secretary Dulles commented that he had discussed the situation of the Afghan Government with high Pakistani officials during his recent visit to Karachi. He had observed two divergent lines of thinking among the Pakistani. One group thought that the situation in Afghanistan could be improved by peaceful means. On the other hand, President Mirza thought that a *coup* would be necessary to clear up the situation. Mirza added that he would try further to size up the situation of Prime Minister Daud in the course of his forthcoming visit to Kabul. Secretary Dulles believed that Mirza would probably seek U.S. assistance when he made his decision after the visit was over. . . .

Secretary Wilson inquired about the assets of Afghanistan and whether the country had any significant natural resources. Under Secretary Hoover replied that important oil deposits had been discovered, as well as deposits of uranium.

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Governor Stassen stated his belief that it was essential that a program be worked out among Iran, Pakistan and Afghanistan if the latter were to be saved from the USSR. Admiral Radford added that he had talked about this situation with the Shah of Iran when he was last in the Middle East, and the Shah had told him that unfortunately Iran's relations with Afghanistan were not very close. Admiral Radford expressed grave doubt as to the efficacy of increased U.S. economic assistance to Afghanistan

The President observed that if there was one sentiment universally abroad in the world today, it was the sentiment of nationalism. Accordingly, the only course of action for the United States was to stress the significance of nationalism and to make clear to the Afghans that they will lose their national identity if they continue to go along with the plans of the Soviet Union. If they should do so, we should point out that they would become simply another Tibet. Nationalism and the Moslem religion, repeated the President, were the only real influences in Afghanistan on which we could base our hopes. The United States could certainly not compete for Afghanistan with the Soviet Union in the economic sphere.

Governor Stassen expressed agreement with the President's view, but Secretary Wilson said that if Afghanistan was unable to get along with its immediate neighbors, it was unlikely to get along with the United States.

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Discussion of this item closed with a warning from Governor Stassen against too great pessimism in our assessment of the situation in Afghanistan. Governor Stassen insisted that there were at least some hopeful signs.

The National Security Council:

a. Noted and discussed the recommendations by the NSC Planning Board for additions and amendments to the existing courses of action on Afghanistan in NSC 5409, prepared pursuant to NSC Action No. 1542 and transmitted by the reference memorandum of May 14.

b. Adopted the following additions and amendments to the existing courses of action on Afghanistan in NSC 5409:

(1) *Paragraph 53*: Revise to read as follows:

"53. Encourage the growth of closer economic and improved political relations between Afghanistan and Pakistan, thus creating conditions favorable to settlement of the Pushtunistan dispute and strengthening Afghanistan to enable it better to resist Soviet penetration. Encourage efforts by other nearby Muslim nations friendly to the West, such as Turkey and Iraq, to strengthen their ties with Afghanistan and to use their influence to alert the Afghans to the danger of close association with the Soviets and to bring about better relations between Pakistan and Afghanistan."

(2) Add a new paragraph following paragraph 56 to read as follows:

"56-A. Do not undertake an economic aid program aimed at matching in size and scope the credit and aid activities of the Soviet Union, but give assistance for a limited number of projects which will provide immediately visible evidence of continued U.S. friendship for and interest in Afghanistan."

(3) Delete present paragraph 59 and add a new paragraph 59 reading as follows:

"59. Discredit and make more difficult increased Soviet activities in Afghanistan and encourage firmer resistance to Soviet penetration on the part of the Afghan Government."

Note: The amendments to NSC 5409 referred to in b above, as approved by the President, subsequently circulated to all holders of NSC 5409 and referred to the Operations Coordinating Board as the coordinating agency for NSC 5409.

[Here follows discussion of agenda items 3-9, including "United States Policy on Soviet and Satellite Defectors," "U.S. Policy on Turkey," and "Review of Military Assistance and Supporting Programs."]

S. Everett Gleason

119. Telegram From the Department of State to the Embassy in Pakistan¹*Washington, May 17, 1956—6:19 p.m.*

2729. 1. Department continues attach great importance King-President meeting and wishes appropriately but firmly encourage both sides take positions which will contribute to success meeting. We hope meeting will accomplish following objectives:

A. At very least there should be sufficient improvement in atmosphere Pak-Afghan relations provide firm basis future negotiations on outstanding problems. Also as one of minimum results we hope parties could reach agreement to reestablish full diplomatic relations through mutual exchange ambassadors. Announcement to this effect for inclusion in communiqué at close of talks would do much demonstrate talks successful. In any case communiqué probably best means reducing likelihood either side claiming it got best of other in talks.

B. We would also hope a beginning might be made toward solution certain concrete problems:

Transit. Two governments should agree undertake active negotiations looking toward elimination difficulties which have prevented routing Afghan trade with free world through Pakistan, although Department recognizes present Afghan attitude represents considerable obstacle (Kabul 1367).² This would seem require some Pakistan action toward assuring Afghans continuance free flow of goods leading ultimately perhaps to transit agreement between parties. Afghans should for their part indicate willingness redirect some portion their trade through Pakistan. Governments should be encouraged also discuss additional facilities needed expedite transit Afghan goods. FYI USG currently considering concrete offer of assistance in development transit projects in order encourage agreement. End FYI.

Pushtunistan. Without pressing GOP retreat from its position this is matter internal jurisdiction we should encourage Pakistanis at least listen statement Afghan position. Rejection any reference Pushtunistan would probably result breakdown talks and would certainly lessen chances their successful outcome. Any constructive proposals Pakistanis could suggest bearing on welfare Pushtun people would of course be helpful. (Would appreciate any information Embassy can obtain from President or other officials re such proposals GOP might be willing submit.)

¹ Source: Department of State, Central Files, 689.90D/4-2656. Secret. Drafted by Thacher; cleared with Stephen P. Dorsey, Adolph Horn, and Jack C. Corbett; and approved by Rountree. Also sent to Kabul and repeated to Ankara, Dacca, Lahore, London, New Delhi, and Tehran.

² Dated May 11, not printed. (*Ibid.*, 689.90D/5-1156)

2. Department suggests missions should in manner and at time they believe most effective undertake discussions with appropriate officials of respective governments in order lay groundwork achievement foregoing objectives. Both Embassies should point out desirability both governments make every effort reduce inflammatory propaganda and prevent border incidents in order assure favorable atmosphere for visit. In discussion transit question suggest both missions state U.S. willing give sympathetic consideration request for assisting development facilities but U.S. assistance of little avail unless two sides demonstrate desire develop Afghan trade route through Pakistan. We hope high level talks may set stage for detailed negotiations.

3. In addition Karachi might stress to GOP we not encouraging Afghans believe Pushtunistan solution possible and will suggest Afghans their presentation this problem be restrained. With regard transit Embassy might review with GOP type project we have in mind facilitate flow Afghan goods through Pakistan while avoiding at present any U.S. commitment to assist. (We have in mind such project as free port at Karachi permitting Afghan goods be shipped in sealed cars for delivery directly to Afghan territory with rail spurs across border Chaman and Landi Kotal, additional cars for use Afghan goods on Pak railways, improved Afghan roads to entry ports on Pak border.) U.S. hopes GOP will go far as possible toward meeting reasonable Afghan requests for guarantee free flow Afghan goods since U.S. believes reestablishment traditional Afghan trade routes with free world remains one of major requirements for preventing Afghan absorption Soviet orbit.

4. Kabul should continue (Kabul tel 1338)³ stress to RGA need for keeping open trade channels through Pakistan provide immunity from Soviet pressure. Discussion should of course avoid impression Pakistanis have agreed any specified projects but should continue encourage Afghans take more flexible attitude on transit problem (Kabul tel 1367). If Afghans insist on raising Pushtunistan they should be encouraged make moderate statement their Pushtunistan position in order maintain friendly atmosphere of talks.

5. Re Karachi 2247.⁴ Decision character extent U.S. assistance for transit projects still under consideration USG and thus impractical at present prepare memoranda type suggested reftel.

³ Dated May 8, not printed. (*Ibid.*, 489.119/5-856)

⁴ In telegram 2247, April 26, Ambassadors Hildreth and Mills informed the Department that they both agreed it would be useful to assist Afghanistan and Pakistan in reaching a transit agreement since it would reduce the transit issue as a cause of friction as well as offset in part the Afghan transit agreement with the Soviet Union. They proposed delivering an aide-mémoire on the subject to the two governments. (*Ibid.*, 689.90D/4-2656)

Post comments requested before either mission undertakes representations along lines suggested.⁵

Dulles

⁵ In telegram 2510 from Karachi, May 22, Ambassador Hildreth reported that President Mirza informed him that he favored doing all possible to help the flow of goods to and from Afghanistan through Pakistan. Otherwise, Mirza observed, Afghanistan would surely become a complete satellite of the Soviet Union. (*Ibid.*, 689.90D/5-2256)

In telegram 1348 from Kabul, May 9, Ambassador Sheldon T. Mills reported that he had met with Prime Minister Daud the previous morning. Daud had emphasized that the question of transit through Pakistan of goods to and from Afghanistan was a subsidiary issue and would not resolve itself easily until the major dispute concerning Pushtunistan was settled. (*Ibid.*, 123-Sheldon T. Mills) Mills was appointed to succeed Ward as Ambassador to Afghanistan on March 28 and officially presented his credentials on May 6.

120. Telegram From the Embassy in Afghanistan to the Department of State¹

Kabul, May 23, 1956—10 a.m.

1430. In my calls on various Cabinet Ministers, some, in addition Prince Naim (Embtel 1338),² have brought up Pushtunistan. In polite but definite manner I have made it clear United States must accept both Pakistan and India as successor states of British India. For example in conversation with Court Minister May 21, I stated I could not conceive that Pakistan, which has several languages and racial groups, would commit suicide by agreeing to let one or another group split off, and that India was in same situation. In fact, I stated, it seemed to me that Afghanistan also would face crisis if Uzbeks, Hazaras, and Iranians, for example, suddenly demanded separation and perhaps union with similar racial and linguistic elements across international frontiers. There can, therefore, be no doubt in minds of any Afghans re position of USG on Durand Line, which I have emphasized does not prejudice desire of USG for friendship with Kingdom.

I have tried to make plain that position of United States in recognizing Durand Line as northern boundary of Pakistan is based

¹ Source: Department of State, Central Files, 689.90D/5-2356. Confidential. Repeated to London and Karachi.

² See footnote 3, *supra*.

both on principle and political realities. Nevertheless it would be mistake in my opinion to give impression that Pakistan is setting the tune for USG relations with Afghanistan in all respects. I have been seen frequently with Pakistani Chargé d'Affaires, and I have and shall cooperate with him loyally on matters where our policies and interest march together. But I intend avoid giving impression that American Embassy is branch office of Pakistan Embassy or vice versa.

I therefore believe it would be mistake for this Embassy to be spokesman for GOP re forebearance of latter at Baghdad Pact meeting in Tehran. Unless instructed to contrary, I therefore shall not pursue suggestion in Embassy Karachi telegram 2463³ to Department.

Mills

³ In telegram 2463, May 18, Ambassador Hildreth reported that the Pakistani Government suggested to him that the United States explain to the Afghanistan Government that the Durand Line was not mentioned in the final communiqué of the Baghdad Pact meeting only because of Pakistani forebearance in view of the possible meeting between the King of Afghanistan and the President of Pakistan. Such an approach, the Pakistanis believed, "would help produce proper climate for President-King meeting." (Department of State, Central Files, 689.90D/5-1856) The Baghdad Pact Council meeting was held in Tehran, April 16-19. The text of the final communiqué is in *American Foreign Policy: Current Documents, 1956*, pp. 561-564.

121. Memorandum From the Director of Central Intelligence (Dulles) to the Secretary of State¹

Washington, August 6, 1956.

SUBJECT

Afghanistan

1. Afghanistan's economic dependence on the USSR has in the last eight months expanded to the point where, if the present trend continues, the Soviet Union will probably be able within the next few years to influence effectively Afghan political as well as economic policy. The basic cause of closer Afghan-Soviet relations is Afghan prime minister Daud's conviction that only from the USSR can he obtain the large-scale economic assistance required for the

¹ Source: Department of State, Central Files, 661.89/8-656. Secret.

rapid modernization of his country and the political and military support to make his dream of Pushtoonistan a reality. Daud now appears to be stronger than ever—both internally and in regard to his bargaining position with Pakistan.

2. Recent completion of contracts for Soviet construction of ten development projects in all parts of Afghanistan, extensive Afghan use of the transit route through the USSR, reported shipment of almost half of Afghanistan's total exports to the USSR, and Afghan receipt of Soviet and probably Czech arms are evidence of the closeness of current Afghan-Soviet relations.

3. Kabul continues to maintain contact with the West—as in the case of the \$14,500,000 aviation agreement recently signed with the United States²—and Daud will probably continue to be susceptible to Western proposals which would give him some protection against an eventual Soviet takeover. However, the overall trend of Afghan policy at the present is clearly toward closer relations with the Soviet bloc.

4. The Pakistanis and Iranians have for some time been convinced it is impossible to do business with Daud. Turkish prime minister Menderes was apparently completely disillusioned with Daud during his 26-30 July visit to Kabul, and has reportedly concluded that Daud must either be compelled to change his policy by force or be ousted. This is the situation in which Pakistani President Mirza's visit to Kabul will take place between 7 and 11 August.³

Allen W. Dulles

² This agreement was signed in Kabul on June 23 by Mills and Naim. It provided for the construction of Kandahar International Airport with Pan-American Airways designated as the American contractor to furnish training and operational and management assistance to Afghanistan. The agreement is printed in 7 UST (pt. 2) 2047.

³ Upon the recommendation of W. Park Armstrong, Special Assistant to the Secretary of State for Intelligence, with the approval of Under Secretary Hoover, this memorandum was not shown to Secretary Dulles since it did not contain any new information. Armstrong believed that although there was an ever-present Soviet threat to Afghan independence, the CIA memorandum tended to overemphasize the economic factor. "Regarding purely economic relations," Armstrong stated, "we have estimated that any overt attempt by the USSR to employ economic sanctions would drive the Afghans at once, even at sacrifice of Pushtunistan, to seek support from the West." (Draft memorandum from Armstrong to the Secretary of State, August 14; Department of State, Central Files, 661.89/8-656)

122. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, September 25, 1956—6:33 p.m.

711. Joint State-ICA. Deptel sent Karachi 497 Kabul 299.² Department believes time has come to move forward cautiously but purposefully on Afghan-Pakistan transit project. Instructions herein are sent on assumption that reasons for delay hitherto advanced and accepted have now abated so that Washington and two Embassies can concert in approaching two governments.

If you do not see substantial objections you should promptly approach highest level of Government, explaining simultaneous approach being made in other capital and state continuing great importance US attaches to development of good relations between Afghanistan and Pakistan and encouragement US has felt over recent actions each has taken in general context of genuine Pak-Afghan amity. Offer opinion that time is propitious for moving forward with transit project and remind Government successfully to bring project about requires initiative and action on part of all three governments in moving toward common goal.

State further along lines that: US Government has examined, although on basis inadequate data, needs of both countries so that they can collaborate in smoothing out transit of goods through Pakistan to and from Afghanistan and that based on such tentative examination US is thinking of transit zone and warehouses in Karachi for Afghan goods, additional rolling stock on Pakistan railways exclusively for transiting Afghan goods, spurs from Chaman and Landi Khotal in Pakistan to Spin Baldak and Torkham in Afghanistan (Kabul should avoid specifying where one territory becomes the other), warehousing at end of each spur in Afghan territory, improvement of roads from warehouses to Kandahar and Kabul respectively, and from Kandahar to Kabul. It is US view that

¹ Source: Department of State, Central Files, 689.90D/9-2556. Confidential; Priority. Drafted by Smith and Witman and cleared with E, ICA, NEA, and U/MSA. Also sent to Kabul.

² In telegram 497, August 31, the Department noted that the August 7-11 visit of President Mirza to Afghanistan had resulted in an "improved atmosphere" in Pakistani-Afghan relations. The Department suggested that the present period of "relaxed tension" would be aided by the American Ambassadors in Kabul and Karachi conveying to both governments U.S. congratulations for the successful outcome of the recent meeting and the hope that the meeting "foreshadows further efforts bring about solution existing differences." The telegram set forth the Department's view that discussions should be held soon with both governments aimed at the initiation of concrete measures to improve the transit situation. (*Ibid.*, 689.90D/8-3156)

each element of this project is important to both countries involved and to US and US considers project in that sense to be indivisible.

US would have to be formally assured by each government that it desires total project, would derive benefits from it and wishes to proceed. FYI Obtaining of such assurances is immediate objective this instruction in order qualify project under President's Regional Fund.³ End FYI. Given such assurances, US as first step would be ready to participate in technical survey of project to clarify physical and financial requirements as basis of final decisions by three governments concerned including respective contributions. Both governments should realize that such project will at later stage require mutual collaboration in which US will render such discreet assistance as may be appropriate.

Embassies Kabul and Karachi should agree on early date for their coordinated approaches and notify Washington that they will be made.

After receipt foregoing notifications we shall take advantage of presence Amjad Ali and Malik⁴ in Washington and make similar representations to them individually on informal basis apprising them that formal approach is being made at capitals of their countries. We shall urge their understanding of opportunity, what it involves and necessity for their statesmanlike backing. Reports of conversations will be telegraphed to both Embassies.

Department prepared at short notice send out State-ICA team for brief visits both capitals to assist along lines recommended Kabul's 275⁵ if Embassies now desire and so request. Otherwise we hope results initial formal approaches by Ambassadors and subsequent informal approaches in Washington to Malik and Amjad Ali will begin come to fruition late in October; at that time Rufus Burr Smith (and ICA representative) will visit both Embassies en route Colombo Plan conference Wellington and will if Embassies wish, consult with them on best way, in light developments two countries and in Washington, push project toward consummation.

³ Reference is to the Asian Development Fund.

⁴ Abdul Malik, Finance Minister of Afghanistan.

⁵ In telegram 275, August 14, Ambassador Mills suggested that an ICA-Department of State team be dispatched to visit Karachi and Kabul as soon as possible to find out what proposals each government had in mind for improving transit facilities and what assistance beyond its own economic resources the United States could provide. "I wish to reiterate," he stressed, "that now is time to act and that undue delay may result in letting slip this opportunity to nail down by positive action good feeling engineered by visit. If as result our stimulus GOP and RGA could set up commission on transit, this could serve as prototype and impulse towards similar joint commissions to settle peacefully other causes of friction such as frontier incidents." (Department of State, Central Files, 790D.11/8-1456)

FYI. Due passage of time and worldwide preoccupation with intervening Suez crisis Department postponing for time being further consideration Presidential messages to Mirza and King Zahir (paragraph 1 reftel) unless Embassies strongly recommend. End FYI.⁶

Dulles

⁶ In telegram 527 from Kabul, October 2, Ambassador Mills reported that he had conveyed the substance of the above message to Daud that morning. Daud expressed great appreciation for U.S. efforts to improve Afghan-Pakistani relations and left Mills with the impression that he was inclined to assent to the U.S. offer. (*Ibid.*, 689.90D/10-256)

In telegram 941 from Karachi, October 2, Ambassador Hildreth reported that he had conveyed the substance of telegram 711 to Karachi to Pakistani officials that morning. They appeared sympathetic to U.S. objectives, he explained, but wished to make it completely clear that Pakistan could accept no proposal which involved in any way any surrender of its sovereignty. (*Ibid.*)

123. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, December 21, 1956—6:19 p.m.

1475. On basis information available consider concrete results Daud visit Karachi disappointing in light relatively favorable atmosphere which prevailed following Mirza's prior visit Kabul. In fact Afghan "success" in inducing Pakistanis not only discuss "Pushtunistan" but insert reference to it in final communiqué would seem actual retrogression. You will recall Department in past has merely urged Pakistanis to listen to what Afghans had to say on subject but has carefully refrained from recommending they make any concessions on this point which would have effect derogating Pak sovereignty Pushtu areas.

Concur Karachi telegram 1553² US will have to continue in role of helpful middle man and attempt make progress other issues. Fact neither transit nor exchange Ambassadors apparently broached during Daud visit seems due solely to Afghan insistence speak of

¹ Source: Department of State, Central Files, 689.90D/12-356. Secret. Drafted by Witman and Jones and approved by Jones. Also sent to Kabul.

² In telegram 1553, December 3, Ambassador Hildreth reported that Daud's visit to Kabul of December 1-2 achieved little in the way of concrete results and recommended that the United States accept the role of middleman to an even greater degree in the future and attempt to make progress on issues other than Pushtunistan. (*Ibid.*)

nothing but Pushtunistan, in contrast Pak conciliatory gestures during Mirza visit including offer transit facilities etc.

On Afghan side therefore our efforts should now be concentrated on convincing Daud and Naim that it is in their highest interest reciprocate very real evidences Pak desire friendship in order lay groundwork successful state visit King Zahir to Karachi. First step might be offer proceed forthwith to normalize relations by exchange Ambassadors. Suggest both Embassies at their discretion approach respective Governments on appropriate occasion achieve this objective.

Department also concerned over recent indications GOP may be losing interest in developing closer relations between two countries. Grudging tone of GOP aide-mémoire giving transit project assurances (Embtel 1570)³ together with Mirza and Ayub's criticism of US policy re aid Afghanistan (Karachi despatch 302)⁴ might signify tendency revert tough policy in force prior Mirza visit Kabul. Believe this policy proved bankrupt during 1955 when it not only failed bring Daud to heel on Pushtunistan but pushed him towards greater reliance on Soviet Union. Suggest Karachi endeavor counter GOP tendencies slacken efforts develop Afghan-Pakistan cooperation, particularly re transit project.

Request comments both Embassies specifically re steps which might be taken this time further Afghan-Pak rapprochement.

Dulles

³ Dated December 4, not printed. (*Ibid.*, 989.7190D/12-456)

⁴ Dated November 14, not printed. (*Ibid.*, 780.5/11-1456)

124. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, March 9, 1957—2:25 p.m.

2220. Department impressed by increasing evidence of desire Afghan Government strengthen its ties with free world and particularly Pakistan. Recent manifestations of this attitude include:

¹ Source: Department of State, Central Files, 689.90D/3-957. Confidential. Drafted by Garrett H. Soulen and Jones and approved by Lampton Berry. Repeated to Kabul and London.

A. Great interest in American Doctrine;²

B. Statements of support of Afghan leaders for GOP position on Kashmir (Kabul's 963;³ to Karachi 304);

C. Eagerness of RGA proceed rapidly on Afghan-Pakistan regional transit project (Kabul's 1009;⁴ to Karachi 313); and

D. Afghan leaders' statements to Pakistan Chargé and others that Afghans eager achieve settlement Pushtunistan issue (Kabul's 963). Would appear from Kabul's reports Afghans might accept any settlement Pushtunistan issue satisfactory Abdul Ghaffar Khan.⁵ Reports also indicate that if Abdul Ghaffar Khan could be persuaded make clear publicly his belief aspirations of Pakistan Pushtuns could be fulfilled under Pakistan administration of Pushtu areas, RGA might be willing discontinue Pushtunistan campaign.

Department does not believe RGA is considering abandonment its policy close association USSR which is bringing Afghanistan substantial assistance in both military and economic fields. In view proximity Afghanistan to Soviet Union unlikely Afghans will in general feel they can take an openly pro-West, anti-Soviet position in cold war issues. Also recognize possibility Afghans in their apparent willingness give Ghaffar Khan blank check in Pushtunistan settlement may be seeking maneuver Pakistan into embarrassing position. Nevertheless believe available evidence sufficiently substantial justify action by GOP to ascertain if Afghan "new look" represents real desire increase its ties with free world. Even if Afghans should prove reluctant make any real concessions we think attempt explore their intentions would be beneficial to interests Pakistan, US and other members free world.

Ambassador therefore requested at his discretion obtain appointment with Mirza and Suhrawardy (together if feasible) to discuss significance recent Afghan moves. In discussion Ambassador requested make points outlined above. He should also make clear US not at this time urging particular course of action on GOP. We believe however GOP should consider what is most effective and positive response it can make to Afghan overtures. We would be particularly interested in GOP views on possibility Ghaffar Khan and other prominent Pathans could be prevailed upon make gesture of support for GOP policies which might be sufficient Afghans drop Pushtunistan issue.

² Reference is to the economic and military aid program requested in the President's Special Message to Congress on January 5, 1957, known as the American Doctrine for the Middle East or the Eisenhower Doctrine.

³ Dated February 7, not printed. (Department of State, Central Files, 601.90D89/2-757)

⁴ Dated February 19, not printed. (*Ibid.*, 789.5-MSP/2-1957)

⁵ A tribal leader of the Pushtun people within Pakistan.

Would also appreciate any suggestions from GOP on action US might take assist in Afghanistan-Pakistan rapprochement.⁶

Report soonest.

Herter

⁶ In telegram 2487, March 15, Ambassador Hildreth reported in part that he had met with President Mirza and Prime Minister Suhrawardy of Pakistan the previous evening and had related the above points to them. The Pakistani officials then proceeded to counter the American assertions that Afghanistan was showing increased interest in strengthening its ties with the "free world"; on the contrary, they stressed, Soviet influence in Afghanistan was increasing dangerously. In concluding this message, Hildreth made the following observations:

"Foregoing shows great skepticism with which Pakistanis view Afghans. Nevertheless believe they seriously worried at what they regard as fast growing Soviet influence over Afghans. Believe they fully alive to necessity providing some counterweight to this influence but very wary falling into any trap or giving any credence to good faith of present dynasty. . . . GOP would gladly cooperate with any pressures or moves to wean Afghans toward Pakistan and free world. In this connection their emphatic rejection any hope of working with Ghaffar Khan seems significant. I pressed them hard on this." (Department of State, Central Files, 689.90D/5-1557)

125. Memorandum of a Conversation, Parliament House,
Canberra, March 11, 1957, 6 p.m.¹

USDel/MC/5

PARTICIPANTS

The United States
The Secretary
Mr. Reinhardt
Mr. Withers

The Government of Pakistan
Mr. Amjad Ali

SUBJECT

Afghanistan; Kashmir; Middle East

Mr. Amjad Ali called, at his request, on the Secretary to give to the latter two documents, one concerning Burma and the other Afghanistan.² Inasmuch as the Secretary had already seen the docu-

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Withers. The Secretary was in Canberra for the third SEATO Council meeting, held March 11-13.

² The document concerning Afghanistan has not been found in Department of State files. The document regarding Burma is not printed.

ment on Afghanistan Mr. Amjad Ali retained it. A copy of the document on Burma is attached.

The Finance Minister stated that the Government of Pakistan was quite concerned over the situation in Afghanistan. The GOP had information that Soviet agents were active among the tribes in the Frontier, including those on the Pakistan side. The GOP feels that the situation is quite dangerous. The Secretary queried the Finance Minister on the payments to the tribes, traditional from British days and the Finance Minister said that they were paying the tribes exactly what the British had paid them and in addition they were building schools and roads in the area and giving other economic assistance, including a dam at Warsak, in which project the Canadians are helping. The Secretary remarked that our information indicated that the Government of Afghanistan is not pro-Communist. As a matter of fact they appeared to be most interested in the President's Middle East Plan and may ask us for assurances under the Plan. The Secretary added he was not certain we could give them such assurances; that this would be stretching the Middle East very far. Amjad Ali said that the GOP had done almost everything it could to better relations with Afghanistan, but so far their efforts had been in vain. They had tried to discuss the transit problem with Prime Minister Daud, but that his only reply was that before he could discuss the transit problem the matter of Pushtoonistan would have to be settled. Ali said that they were willing to take any steps even though there was divided opinion within the GOP. Some of the members of the government felt that if concessions were made it might lead the Afghans to believe that Pakistan was weakening. The predominant opinion, however, was that the GOP should do everything it could. They were considering a reduction on freight rates and in the past had furnished emergency wheat and cement to Afghanistan at the latter's request.

[Here follows discussion of recent developments in Kashmir and the Middle East.]

126. Telegram From the Department of State to the Embassy in Afghanistan¹*Washington, March 16, 1957—11:26 a.m.*

893. Beirut inform Richards.² FYI. Department conscious delicate situation regarding application American doctrine to Afghanistan. Problem there is of different character from that in any other country "in general area of Middle East". On one hand exclusion of Afghanistan from program might have connoted lack US interest in security that country and implied US would not oppose Soviet take over. On other hand we fully understand desire Afghans avoid actions which USSR could consider provocative. We are aware that outspoken endorsement by Afghan officials of doctrine, and indication US seeking exclude USSR-Afghan relationship, might bring about Soviet pressures creating real hardships for Afghanistan. In circumstances, it would appear wise for RGA avoid actions or statements vis-à-vis Soviets which might afford basis Soviet retaliation, particularly since it might be impracticable for US to meet resulting Afghanistan requirements for security assurances and economic relief.

Ambassador Richards fully aware above problems and will define American doctrine as precisely as possible while in Kabul. In interim we face delicate problem of keeping Afghan expectations within bounds while at same time maintaining Afghan confidence closer relations with US possible and worthwhile. Objective of Embassy in period immediately ahead should be to build this confidence while avoiding undue Afghan hopes and expectations.

Herter

¹ Source: Department of State, Central Files, 789.5-MSP/3-165. Secret. Drafted by Jones, Soulen, and Howison; cleared in draft form by Burdett; and approved by Rountree. Repeated to Karachi and Beirut.

² On March 12, Ambassador James P. Richards, former Chairman of the House Foreign Affairs Committee, and now Special Assistant to the President, left the United States for a 57-day mission to the Middle East, South Asia, and Africa. Richards visited 15 countries as part of an effort to explain the President's January proposals, the American or Eisenhower Doctrine, on economic and military assistance to countries in the area. Richards visited Pakistan March 27-31 and Afghanistan March 31-April 3.

127. Memorandum of a Conversation, Department of State,
Washington, March 19, 1957¹

SUBJECT

Pushtunistan Question

PARTICIPANTS

Mr. Christian A. Herter, Under Secretary
Mr. Najib-Ullah, Ambassador of Afghanistan²
Mr. J. Jefferson Jones, III, SOA

After greeting the Ambassador, the Under Secretary spoke of the continuing interest of the United States in cooperating with Afghanistan to develop its economy and to strengthen its independence. The Ambassador replied that he deeply appreciated the statement of the Under Secretary.

The Under Secretary then stated that we had been most pleased to see the progress which had been made in solving the differences between Afghanistan and Pakistan. The Ambassador commented that his Government wished to settle as soon as possible its differences with its neighbor to the south. The Afghan Government greatly appreciated the efforts of the United States in this connection. Fortunately the problems between Afghanistan and Pakistan were still under control. There were many more acute problems in the world today. Nevertheless, the outstanding issues between the two countries led to friction between them and it was therefore highly desirable to continue the efforts to arrive at a real settlement. These problems should be settled before they became more difficult, and it was for this reason that the Afghan Government was so grateful when the President of the United States took action last year to open up new avenues for settlement.

Continuing, the Ambassador said that one of the most important steps in solving the outstanding problems between the two countries was to remove Pakistani suspicions of the motives of the Government of Afghanistan. The problem between Afghanistan and Pakistan was not like that of Kashmir, which was claimed by both parties. It was also not so serious as the problem between the Israelis and the Arabs.

The Under Secretary expressed his pleasure at the opportunity of meeting Mr. Najib-Ullah and expressed the hope that they would see each other again.

¹ Source: Department of State, Central Files, 689.90D/3-1957. Confidential. Drafted by Jones.

² Najib-Ullah succeeded Ludin as Afghan Ambassador to the United States; he officially presented his credentials to the President on March 1.

128. Telegram From the Embassy in Afghanistan to the Department of State¹*Kabul, April 2, 1957—6 p.m.*1264. From Richards.² My comments on Afghanistan follow:

1. Extreme isolation evident during flight to Kabul. Extent of underdevelopment of country and dearth of basic facilities is striking.

2. Afghans remain proud, suspicious mountain people.

3. Previous efforts modernize Kabul testified to mainly by unfinished grandiose structures. Most impressive signs some recent progress attributable to Soviet aid, i.e., silo and bakery, paving of streets and petroleum depot. Established United States position in educational field provides most hopeful counter-weight and should not be neglected.

4. German influence appears still quite strong. Considerable number Afghan leaders we met educated in Germany. Perhaps we could obtain useful assistance here from West German Government.

5. Afghanistan obviously totalitarian type state run by small oligarchy. Government is on tribal lines and firmly in hands small group members royal family which heads dominant Pushtunistan tribal element. Even Afghan officials showed embarrassment when questioned re Parliament. Tribal loyalties plus ready avail of force—police and army very much in evidence—appear to be main pillars of government. Afghan in too early stage of development to be beset by discontent of type sparked by effendi in Arab Mid East countries. Any shifts in power in near future likely to take place within ruling group.

6. Prime Minister Daud and Foreign Minister Naim obviously at helm of government with final decisions resting with former. Daud's energy and determination to develop country with support of slowly growing number of educated Afghans returning from abroad said to be reasons for his top position.

7. I have no reason to doubt fixed determination Afghan leaders to strive fiercely to maintain independence of country from any threat including international communism. Danger lies in their over-rating their ability to control subversion in face of increasing number

¹ Source: Department of State, Central Files, 120.1580/4-257. Secret. Repeated to Baghdad, Ankara, Tehran, Karachi, Moscow, Paris, London, Athens, Beirut, Damascus, Tel Aviv, Jidda, Khartoum, Cairo, Amman, Tripoli, Rabat, Tunis, New Delhi, Rome, and Addis Ababa.

² Detailed accounts of Richards' discussions with Afghan leaders are in telegrams 1253 and 1254 from Kabul, April 1. (*Ibid.*) A comprehensive report on his visit to Afghanistan is in despatch 552 from Kabul, April 16. (*Ibid.*, 120.1580/4-1657)

Russians in country and also in possibility Russians, if severely prodded, could stir up tribal revolts.

8. Present leaders fully alive to and naturally preoccupied with exposed position Afghan. They recognize present dependence on USSR and Soviet capability retaliate effectively by economic measures if not by armed force. They probably desire to loose embrace of Russian bear but know they must move slowly to avoid being crushed. They hope to develop relations with United States as form of insurance against USSR.

9. Leaders appear unreceptive to concept of cooperation with other area states smacking of defense arrangements against USSR. I believe they are right in this stand. On other hand they are eager for commercial transit arrangements which over period time would have effect of lessening dependence on USSR and providing practical alternative to trade through USSR.

10. Reception accorded my exposition of President proposals was most reserved received to date and probably reflected realistic appraisal of Afghan's actual situation. Naim seemed at times to be led on by enthusiasm and desire for closer cooperation with United States but Daud was more cautious and probably more accurate in his assessment of extent to which Afghan could move prudently.

11. I believe what we should strive for is really "neutral" Afghan on Swiss model. We should help country to extract itself from Russian fold but at cautious pace to keep down likelihood counter moves by Soviets to tighten their hold. We need also to avoid arousing on part of Afghans expectations of support which in actual crisis it would not be practical for United States to extend. During final meeting I told Afghans I fully recognized reason they desire to neutral policy and thought this best course for them. Naim declared RGA "genuinely interested in seeing that our neutrality is as useful to us as to our western friends".

Presentation of President's proposals to Afghans posed special difficulties. We understood from discussions in State Department and memo approved by Secretary March 4 as guidance for mission re Afghanistan, that Department preferred to avoid clearly including or excluding Afghanistan from area comprehended by Mideast proposals. Inclusion would engage United States prestige and confront United States with particularly difficult situation if subsequently Afghans should request United States assistance against acts of aggression by international communism. World situation might make it impractical for United States respond, which would result in severe blow to our prestige and to standing of document. On other hand exclusion would remove deterrent effect versus USSR and cause Afghanistan to conclude it written off by United States thus damaging will to stand up to Russians.

I had reached conclusion, especially in view implications stemming from fact of mission visit to Afghanistan, that on balance I should state if obliged to give clear-cut answer that Afghanistan included under Mideast proposals. Fortunately, question not pinpointed officially by Afghans. Prime Minister Daud although "personally" welcoming document, officially accepted only principle of support for independence and sovereignty of nations. He almost pointedly avoided seeking exact definition of doctrine's applicability to Afghanistan. In private talks much more precision sought by Afghan officials, including Naim. We succeeded in avoiding explicit statements. However, Embassy may be pressed after departure of mission and will need further guidance from Department.

[Here follow Richards' detailed and specific proposals regarding a United States economic aid program for Afghanistan.]

Mills

129. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, May 27, 1957.

1180. Guidance for Suhrawardy visit Kabul² follows.

For Karachi. Suggest Chargé obtain appointment Suhrawardy and make following points:

1. As he aware one of cardinal US objectives in area is establishment closer relations Pakistan Afghanistan. US believes this offers best hope diminishing Soviet influence south of Oxus and thus works to benefit US Pakistan and other members free world. While much remains to be done we believe substantial progress has already been made in orienting Afghanistan towards free world and away from complete dependence on Soviets.

2. We are hopeful Suhrawardy's visit will further contribute establishment closer Pakistan Afghan relations and therefore would like have frank discussion with Suhrawardy regarding possible further steps toward this objective which he thinks might be taken during his trip. Would be helpful if some tangible achievement in

¹ Source: Department of State, Central Files, 033.90D89/5-2757. Secret; Priority. Drafted by Soulen, Howison, Jones, and Withers and approved by Berry. Also sent to Karachi and repeated to London.

² Prime Minister Suhrawardy was scheduled to visit Kabul June 9-11.

promoting close relations might result such as (a) agreement exchange ambassadors (b) announcement conclusion air transport agreement (c) further diminution of mutually recriminatory propaganda (d) simplification of transit procedures.

3. We would appreciate Suhrawardy's assessment situation after his return from Kabul.

For Kabul. Suggest you approach Naim (or Daud if you think advisable) along following lines:

1. US regards Suhrawardy visit as providing another opportunity establish closer relationship between two neighboring Moslem countries.

2. While we realize importance Afghans attach to Pushtunistan question we would be encouraged if broader discussions took place and agreement reached on other questions involving relations between two countries. We would hope that visit would have tangible result. Possibilities would include agreement exchange ambassadors etc. (See paragraph 2 above.)

3. US pleased that first members transit survey mission have arrived in area and are hopeful mission will be able contribute substantially development economic relations between Afghanistan Pakistan.

FYI. In connection transit survey mission we are concerned that RGA endeavoring gradually involve US beyond general survey of possible Kandahar Kabul railway which we reluctantly undertook. We must continue stand firm against such endeavors and concomitantly disabuse RGA of any belief degree US involvement railway is valid touchstone of USG interest Afghanistan. End FYI.³

Dulles

³ In telegram 3265 from Karachi, May 31, Chargé Gardiner reported that he had related the above points to Suhrawardy in a conversation the previous day. The Prime Minister stated that he was in full agreement with U.S. objectives although he did not believe that Afghanistan would abandon the Soviets. He agreed with Richards' appraisal that Afghanistan would continue to "walk chalkline between two blocs." (Department of State, Central Files, 689.90D/5-3157)

In telegram 1534 from Kabul, June 6, Ambassador Mills reported that he had conveyed the above considerations to Naim in a conversation on June 5. The Afghan Foreign Minister emphasized that the delay in negotiations was due to Pakistan. (*Ibid.*, 689.90D/6-657)

130. Memorandum of a Conversation, Washington, July 10, 1957¹

SUBJECT

Afghanistan-Pakistan Relations

PARTICIPANTS

Pakistan

The Prime Minister
 Ambassador Mohammed Ali
 The Secretary of Foreign Affairs,
 Mr. M.S.A. Baig
 The Secretary of Economic Affairs,
 Mr. S.A. Hasnie
 The Secretary of Defense,
 Mr. Akhter Husain
 The Principal Secretary to the
 Prime Minister, Mr. Aftab Khan

United States

The Secretary
 Mr. William M. Rountree, NEA
 Mr. J. Jefferson Jones, III, SOA
 Ambassador-Designate
 James M. Langley
 Mr. John M. Howison, SOA

The Prime Minister declared that he had got on well with the Afghans during his recent visit to Kabul.² An air agreement between Pakistan and Afghanistan had been achieved expeditiously—in a matter of twelve days, as compared with the 46 days necessary for the conclusion of such a pact between Afghanistan and the USSR.

Mr. Suhrawardy declared that he was trying to get the people of Afghanistan "on our side". The Russians were also active in Afghanistan. The Prime Minister cited their erection of a silo and their execution of other highly conspicuous projects. It was important that Afghan ties with the free world be maintained, else the Afghans would inevitably be pulled "in the other direction".

At the conclusion of the Prime Minister's visit to Kabul the Afghans had promised to tone down their propaganda on the Pushtunistan issue. It was Mr. Suhrawardy's impression that the

¹ Source: Department of State, Central Files, 689.90D/7-1057. Confidential. Drafted by Howison. Prime Minister Suhrawardy was in Washington for a 3-day official visit, July 10-12.

² Ambassador Mills termed the Suhrawardy trip "surprisingly successful." While noting that sensational results were of course unachievable, he stated the Embassy's belief that "Suhrawardy discussions and resulting communiqué definite and historic forward step in Pakistan-Afghan relations." (Telegram 1564 from Kabul, June 11; *ibid.*, 689.90D/6-1157)

Afghans were "not paying their agents so much" as they had formerly been doing in efforts to agitate the frontier.³

³ On July 12, Secretary Dulles again met with Prime Minister Suhrawardy. The memorandum of discussion from that meeting reads:

"The Secretary observed that the United States had been much pleased with the progress recently made in improving relations between Afghanistan and Pakistan. Expressing the belief that Prime Minister Suhrawardy was personally largely responsible for this improvement, the Secretary voiced the hope that the favorable trend would continue." (Memorandum of conversation by Howison; *ibid.*, 689.90D/7-1257)

131. Telegram From the Department of State to the Embassy in Afghanistan¹

Washington, August 28, 1957—7:16 p.m.

188. Embtel 159.² Following are important points conversation Assistant Secretary Rountree with Afghan Ambassador Najib-Ullah August 27: Rountree noted Ambassador Mills had discussion with Foreign Minister Naim concerning US-Afghan relations in context Afghan-Soviet agreements and pointed out what happening in Syria demonstrates basis Ambassador's concern. US fully appreciates Afghanistan's delicate position arising from its geographic location and can understand Afghanistan's desire maintain friendly relations with USSR. However Department is a little concerned that recent agreements represent increased Soviet efforts expand their influence in Afghanistan.

Najib-Ullah stated that he was concerned when first news of agreements reached him and had wired Kabul for further details. He was reassured by Kabul's telegraphic reply but awaited additional information. In this connection, Afghan Minister Finance expected Washington in September to attend IMF annual meeting and possi-

¹ Source: Department of State, Central Files, 661.89/8-1157. Confidential. Drafted by Robert B. Dreessen of SOA and approved by Rountree. Repeated to Karachi and Moscow.

² In telegram 159, August 11, Ambassador Mills assessed the recent trip of King Zahir and Foreign Minister Naim to the Soviet Union (July 17-August 4). As a result of the visit, Mills noted, Afghanistan accepted a Soviet offer of equipment and technicians for oil exploration in northern Afghanistan. "Acceptance such help appears foolhardy and reckless," the Ambassador commented. "Soviets must be well pleased with results visit," he added, "considering them beginning new stage in Afghan-Soviet relations since they expand Afghan dependence on USSR." (*Ibid.*)

bly could supply him text agreements. When additional details received would inform Rountree.

Najib-Ullah stated with assurance there was no question of oil concession for Soviets. National Afghan Oil Company might employ Soviet technicians in oil exploration and might obtain equipment from USSR since it was much easier obtain it there than elsewhere view proximity exploration area to USSR.

Najib-Ullah hoped US would realize Afghan leaders harbored no delusions regarding Soviets. Nevertheless he conceded he was inclined to be more suspicious of Soviets than King and Naim and felt recent agreements were "rather bold."

Dulles

CEYLON

FORMULATION OF ASSISTANCE PROGRAM BY THE UNITED STATES ¹

132. Memorandum From the Counselor (MacArthur) to the Secretary of State ²

Washington, December 23, 1955.

MR. SECRETARY: As Coordinator for the SEATO Meeting in Karachi in March and your subsequent visits to other countries in South and Southeast Asia, I am very much concerned with respect to the situation which is developing in Ceylon. The present Government of Ceylon is one of the staunchest in the entire area in terms of support of fundamental western objectives and purposes. This has been demonstrated on a number of occasions in the past two years—notably with respect to the position Ceylon has taken in meetings of the Colombo Powers and particularly with reference to the solid and staunch position the Ceylonese Prime Minister, Sir John Kotelawala, took at the Bandung Conference when he vigorously opposed Chou En-lai's various maneuvers. To summarize, the present government is vigorously anti-Communist and in general shares basic western objectives and purposes and is less susceptible to anti-Western and "neutralist" Communist propaganda than many of the other countries in the Middle East and South and Southeast Asia.

The present situation, as I understand it, is that because of the economic facts of Ceylonese life, and the fact that they are obliged to dispose of their rubber production and have been doing so by triangular deals involving Communist countries, we are barred under the provisions of the Battle Act ³ from extending to them economic aid and assistance. This, despite the fact that we are giving economic aid to neutralist India and Indonesia and are planning to help finance the Aswan Dam for Egypt which has just concluded the

¹ Continued from *Foreign Relations*, 1952-1954, vol. xi, Part 2, pp. 1499 ff.

² Source: Department of State, Central Files, 890.00/12-2355. Secret. Copies sent to S/S, U, E, NEA, FE, and S/P.

³ The Mutual Defense Assistance Control Act, or Battle Act (named after Representative Laurie C. Battle of Alabama), was approved on October 26, 1951, as P. L. 213, 82d Congress. For text, see 65 Stat. 644. Under the Battle Act, which forbade aid to countries exporting primary strategic goods to the Soviet bloc, the United States had suspended its aid to Ceylon in September 1951.

well-known Soviet Arms deal. I, in no sense, wish to imply that we should not go ahead with aid to India, Indonesia, Egypt, etc., because I think we most definitely should. The point I would make is that if our policy is so inflexible that we must penalize a staunch Asian friend because of the economic facts of its life, I fear greatly that over a period of not too much time we risk seeing the present Ceylonese leadership replaced by a leadership which may lead Ceylon progressively into the India-Burma way of thinking. This, I think, we can ill afford, having in mind our paucity of Asian friends who are staunch and dependable. If Ceylon should follow such a course, it would further complicate our efforts with respect to making SEATO, which we launched, a successful enterprise, since the Ceylonese Government is among the few Asian non-members who, while not wishing at this juncture to join, have not been critical of SEATO and, on the contrary, privately have tended to welcome it.

We have had recently some extremely interesting telegrams from our Embassy in Ceylon supporting the above thesis and noting growing resentment that Ceylon is barred from U.S. aid. Also, the location of the Nuclear Research Center in Manila instead of Colombo (which had hoped and expected to get it), will have an adverse affect in terms of U.S. purposes and objectives with respect to Ceylon.

I would hope very much that we could take a thorough new look at the Ceylonese problem, even if it required amendments to existing legislation, so that we would be in a position not of discriminating against a staunch friend while at the same time we are giving extensive economic assistance to Governments which are either neutralist in tendency or trying to play both sides off against each other. If we could do something constructive for Ceylon in the economic field, I think it would not only be in our enlightened self-interest with respect to both Ceylon and the general area, but also create a situation where your visit there would be most successful and pay substantial future dividends.

DMacA

133. Memorandum From the Secretary of State to the Director of the International Cooperation Administration (Hollister)¹

Washington, December 23, 1955.

I continue to be concerned about the Ceylon situation. If we locate the nuclear power station in the Philippines rather than Ceylon (with which I concur), if we give economic aid to India which is theoretically neutralist but benevolent to the Soviet bloc, if we give economic aid to Egypt which has its arms deal with the Soviet bloc, and if we cannot do anything for Ceylon which has been a staunch and helpful ally, then there is, I think, something seriously wrong.

¹ Source: Department of State, Central Files, 746E.00/12-2355. Secret. Drafted by Dulles. Copies were forwarded to NEA, U, C, S/P, G, E, U/MSA, and FE.

134. Memorandum From the Director of the International Cooperation Administration (Hollister) to the Secretary of State¹

Washington, January 13, 1956.

SUBJECT

Ceylon Situation

As you know, the matter of opening up an aid program to Ceylon is a delicate one, particularly because of the fact that through error in the State Department Ceylon was informed, while the Under Secretary and I were in the Far East and shortly before I arrived at Singapore for the Colombo Conference, that it would be the location of the regional atomic nuclear center for Asia. This involved a somewhat embarrassing disentanglement which I worked out with the Ceylon representatives in Singapore before I delivered the speech on the Asian nuclear center.

I am enclosing a memorandum summarizing as succinctly as I can the present situation.

¹ Source: Department of State, Central Files, 746E.5-MSP/1-1356. Secret.

The matter has been somewhat complicated by the fact that on January 11 a cable which was not cleared with the International Cooperation Administration went to Colombo authorizing the Chargé to discuss a bilateral agreement under the President's Atoms for Peace Plan, intimating that Ceylon was eligible to have half the cost of a reactor paid for by the United States.² The last paragraph of the enclosed memorandum indicates the problems which this offer raises.

John B. Hollister

[Enclosure]³

Washington, January 13, 1956.

CEYLON SITUATION

Since rubber is on the list of controlled items as defined in the Battle Act, as long as Ceylon ships rubber to Communist China aid may only be given in one of the following ways:

- a. Under Section 401 of the Mutual Security Act of 1954;
- b. If rubber should be removed from the list of controlled items;
- or
- c. If Ceylon should be declared to have cooperated in the control of rubber.

To invoke Section 401 weakens the whole control picture because other countries can argue that if Ceylon can receive aid while selling controlled items they should be able to do so.

To remove rubber from the controlled items will naturally encourage every other rubber producing country to begin or increase its present deliveries.

There therefore remains only the question of "cooperation". Ceylon probably would not break its existing contract, and if it would be willing to, we are not able to offer it enough to make it worthwhile. It is also probable that Ceylon would not make any agreement to stop shipping rubber when this contract expires. It might well agree, however, to limit its rubber shipment to the exact terms of the present contract and agree to discuss the problem further when its present contract expires. This could probably be considered "cooperation".

² Telegram 384 to Colombo, January 11. (*Ibid.*, 446E.118/1-1056)

³ Secret.

If we announce the beginning of an aid program for Ceylon we will have to answer questions as to the Battle Act, and it would seem that something would have to be said about Ceylon's cooperation. This is a delicate problem with Sir John Kotelawala who would prefer to say nothing to his legislature or if he has to say something, would want to say as little as possible. It would seem that this whole matter should be worked out completely with Ceylon before any announcement is made, even perhaps to the wording of the announcement. For if an announcement is made before this is done, we will be committed to give some aid, and if we cannot work out the "cooperation" plan, we will have to give the aid under Section 401 with its resulting disadvantages.

What has been said above with respect to an aid program is equally applicable to a reactor contract with the further complication that if the reactor program is not to be part of MSA appropriations, Section 401 is not available and either "b" or "c" above would have to be followed in order to be able legally to follow up with a bilateral reactor contract.⁴

John B. Hollister

⁴ On January 16, Dulles sent a memorandum to Under Secretary Hoover concerning the Ceylon aid question. In the memorandum, which Dulles drafted himself, the Secretary remarked:

"I have a feeling that there is some confusion, if not as to policy at least as to performance, with respect to the \$5,000,000 grant aid to Ceylon and the research reactor on an experimental basis.

"Do you think I should call a meeting of those concerned on the matter?

"I attach Hollister's memorandum to me of January 13th." (Department of State, Central Files, 746E.5-MSP/1-1356)

135. Telegram From the Embassy in Ceylon to the Department of State¹*Colombo, January 26, 1956.*

376. Reference Department telegram 385.² Prime Minister told me today he is willing restrict rubber shipments Red China to 50,000 tons per year. Present shipment running about 2,000 tons per year above this. He is also willing embargo other strategic commodities. He added that he has always been personally opposed to China deal but that politically it would be worth his scalp to try jettison it now. It should not be forgotten that the China Pact has been worth an average of ten million dollars per year to Ceylon.

It is my opinion that there would be a good chance of Ceylon refusing to renew the Pact when it comes up in 1957 if we bring a worthwhile aid program and the government is reasonably sure we intend continue it for immediate future. There is even a chance of terminating the Pact before 1957 if the world price rubber stays up, the Prime Minister wins his forthcoming election in April and we give Ceylon economic aid now.

As I have repeatedly pointed out during my recent consultations in Department now is the time help the Prime Minister and the government in power. The opposition are putting him under continual pressure on account of his pro-Western bias and continually ask him to show tangible proofs resulting from his friendship with America. In April he faces his first and certainly most crucial election and I strongly believe that our help today would be deeply appreciated. Failure to help now would have just as strong reverse effects.

The milk gift, while appreciated, is not considered aid. Ceylon, unlike India, Pakistan and Egypt, will have to pay for the shipping. Furthermore, everyone is well aware that we are endeavoring to get rid excess commodities.

Crowe

¹ Source: Department of State, Central Files, 746E.5-MSP/1-2656. Secret; Priority.

² In telegram 385, January 11, the Department informed the Embassy that the determination had been made to grant Ceylon U.S. economic assistance in fiscal year 1956. The Embassy was instructed that no information regarding this decision was to be given to the Ceylonese until authorized by the Department. (*Ibid.*, 746E.5-MSP/1-1156) In telegram 413, January 19, the Department asked Crowe to explore with Prime Minister Kotelawala the modalities whereby Ceylon could regulate its trade with China so as to qualify for aid under the Battle Act. (*Ibid.*, 746E.5-MSP/1-1956)

136. Telegram From the Department of State to the Embassy in Ceylon¹

Washington, February 9, 1956—8 p.m.

471. For Ambassador. You may inform Prime Minister that on basis firm assurances that Government of Ceylon will restrict rubber shipments to Communist Chinese to 50,000 ton minimum per year required during existing contract (which terminates 1957) and will embargo other strategic commodities to Communist Chinese, United States is prepared grant Ceylon in FY 1956 technical and development assistance. Program will consist projects recommended by Ceylon and approved by United States. In announcing its decision United States will state Government of Ceylon is considered to be cooperating with United States within terms of Battle Act.

Inform soonest when Government of Ceylon would like release information. Draft United States release will be telegraphed in advance for possible use Government of Ceylon in preparing its own statement.² Due necessity Congressional consultation here Embassy should ensure that no public announcement be made by Ceylon before agreement on simultaneous release Washington and Colombo.

Program will be in order of \$5 million with breakdown between technical and developmental assistance to be worked out with Ceylonese. You may inform Prime Minister accordingly.

Dulles

¹ Source: Department of State, Central Files, 746E.5-MSP/2-956. Secret; Niact. Drafted by Silver on February 8, cleared with Cederic Seager, Regional Director of the Office of Near East, South Asia, and Africa Operations, ICA (for FitzGerald), Allen, Hill, Robertson, and Kalijarvi. Repeated to Karachi, New Delhi, Bangkok, Rangoon, Djakarta, and Singapore.

² In telegram 476 to Colombo, February 10, the Department transmitted this draft statement to the Embassy. (*Ibid.*, 746E.5-MSP/2-1056) In telegram 436 from Colombo, February 13, Ambassador Crowe reported that a story carried by the Ceylonese press on February 12 noted that the United States had decided to grant Ceylon an aid program amounting to approximately \$5 million. The story explained that the aid program would come within the terms of the Battle Act in view of Ceylon's cooperation with U.S. international objectives and by Presidential "waiver" of the Battle Act prohibition with respect to Ceylon's rubber-rice agreement with Communist China. The Ambassador added that he had not made any comment in response to inquiries regarding the authenticity of the press report, and he recommended that a formal announcement regarding the aid program not be made until the end of February or beginning of March. (*Ibid.*, 746E.5-MSP/2-1356)

137. Memorandum of a Conversation, Colombo, March 11, 1956¹

PARTICIPANTS

The Ceylonese Prime Minister, Sir John Kotelawala

U.S. Secretary of State, John Foster Dulles²

Ambassador Philip K. Crowe

Assistant Secretary, George Allen

Mr. Dulles said that he was delighted to be the first U.S. Secretary of State to visit Ceylon and that he had a personal association with the island which made his visit particularly pleasant to him. He mentioned a ceremony which had just taken place at the American Embassy, where the members of the staff had presented him with a memorial volume describing the work in Ceylon of his great great grandmother and her husband, the Reverend Miron Winslow.

Secretary Dulles said he was glad that the question of economic aid to Ceylon had been worked out. A good deal of delay had resulted from what he might call "rubber tape". He said that following a very effective presentation of the case to him by Ambassador Crowe last November, he had become entirely convinced that it was ridiculous for the United States to be giving aid to India, which followed a "neutralist" policy which gave much comfort to the communists, whereas Ceylon, which was strongly anti-communist, was refused aid. He had dictated a two-line memorandum stating his policy decision that aid to Ceylon should be granted, and directing those in charge to find the appropriate means to do so.³ All sorts of difficulties had been raised, because of Ceylon's sale of rubber to Communist China, but he had insisted that the aid arrangement be worked out and he was glad it had been accomplished.

Sir John expressed his deep appreciation for the Secretary's action and for Ambassador Crowe's effective presentation. (As regards India, he commented in passing that the more India abused the

¹ Source: Department of State, Central Files, 110.11-DU/3-2256. Secret. Extract. The omitted topics of discussion include specific aid projects, Soviet activities in Indian and miscellaneous global issues. Drafted by Allen. This memorandum and a memorandum of conversation with Governor General Goonetilleke were forwarded to the Department on March 22 in despatch 753. The Embassy briefly summarized these conversations in telegram 539, March 13. (*Ibid.*, 110.11-DU/3-1356)

² Secretary Dulles was in Ceylon for a 1-day visit as part of a trip to several Asian countries immediately following the SEATO Conference in Karachi, March 6-8. Additional documentation on the Secretary's post-SEATO trip is *ibid.*, FE Conference Files: Lot 60 D 514.

³ Reference is apparently to Document 133.

United States Government, the more aid we gave India. The Secretary said this was not quite correct.) Sir John went on to ask how the money could be spent before June 30, which he understood to be our requirement.

Ambassador Crowe pointed out that the money did not actually have to be spent but it did have to be allocated to specific projects. The Secretary said that it should be done soon because Congress was always annoyed by allocations made during the last few days before the close of our fiscal year. He emphasized that the projects should be for activities other than agricultural development, in view of the surplus agricultural problem in the United States.

* * * * *

138. Telegram From the Secretary of State to the Department of State¹

Colombo, March 11, 1956—7 p.m.

Dulte 21. Eyes only Acting Secretary from Secretary for President.

Dear Mr. President:

My visit to Ceylon is a very happy one with an atmosphere of great cordiality prevailing and evidence of strong sympathy for our international policies. I have conferred first with the Prime Minister, whom you may recall was in Washington, and then with Governor General,² who is a former Finance Minister and a very astute man. They are 100 percent anti-commie and very apprehensive of Nehru's policies. The Governor General in particular begs US to stand firm and says that any weakening of our position in the western Pacific would turn the whole Asian area over to Communism. He particularly urges continuing support to Chiang Kai-Shek. Here they have much the same fear of India as India professes for Pakistan.

The day started off with a moving presentation of mementos of my great-great-grandmother who is buried here. I was also presented with a first edition copy of the Tamil-English Dictionary which was written by her husband which is still standard here.

¹ Source: Department of State, Conference Files. Lot 62 D 181, CF 682, Secret.

² A memorandum of Dulles' conversation with Governor General Sir Oliver Goonetilleke on March 11 is *ibid.*, Central File 110 11-DU/3-2256.

I make this brief as I am going to try to squeeze in a swim in the ocean.³

Faithfully yours, Foster.

Dulles

³ Secretary Dulles' visit to Ceylon was briefly discussed at a meeting of representatives of the Department of State and the Joint Chiefs of Staff on March 30 as part of a general discussion of the Secretary's post-SEATO trip. (Memorandum on the substance of discussions at a Department of State-Joint Chiefs of Staff meeting, March 30; *ibid.*, State-JCS Meetings: Lot 61 D 417)

139. Editorial Note

In the Ceylonese general election, which began on April 5, Sir Kotelawala and the United National Party were defeated by the Mahajana Eksath Peramuna (MEP) coalition, under the leadership of S.W.R.D. Bandaranaike of the Sri Lanka Freedom Party. On April 12, Bandaranaike officially became Prime Minister. The Embassy analyzed the election results in telegram 623, April 13. (Department of State, Central Files, 746E.00/4-1356)

According to telegram 654 from Ceylon, April 25, Bandaranaike told Crowe that he understood Ceylon would not be eligible for aid if it shipped more than 50,000 tons of rubber per year to China, or shipped to China any other commodities which the United States considered strategic. (*Ibid.*, 746E.5-MSP/4-2256)

On April 28, the United States and Ceylon exchanged notes at Colombo for an agreement relating to the development of an assistance program in Ceylon, which entered into force that day. For text, see 7 UST 751.

140. Memorandum of a Conversation, The White House,
Washington, November 23, 1956¹

SUBJECT

Middle East and Hungary

PARTICIPANTS

Mr. S.W.R.D. Bandaranaike, Prime Minister of Ceylon
Mr. Gunesena de Soysa, Permanent Secretary, Minister of External Affairs
Ambassador R.S.S. Gunewardene, Ambassador of Ceylon
The President
Ambassador Phillip K. Crowe, Ambassador to Ceylon
Deputy Under Secretary Robert Murphy

After an exchange of amenities there was a discussion of the world situation, with the President leading off in a description of the efforts he is making to bring about a settlement on the basis of peace and justice in the Middle East. The President developed the theme of our approach through the United Nations, emphasizing that our country does not seek domination of other countries but believes that there should be the same rule of justice relating to small countries as well as big ones. He described briefly his aversion to warfare and stated that the United States is pursuing every avenue it can to avoid and eliminate military conflict. He said that he has seen too much of the destructive effects of warfare not to have an aversion for it. The President said in respect to the Middle East affair, it was regrettable that there should be charges of imperialism and a return to colonialism levelled against the British and the French. He felt that the problem was not that simple and he also stated the conviction that both the British and French have moved a long way from the former ideas in the colonial field. The Prime Minister agreed that there had been opinion in his country and in the world at large that the Anglo-French action in the Middle East marked a reversion to old methods, but he joined in the hope that this was not so. The President added that in any event the Soviet action in Hungary so far overshadowed in its brutality and cruelty the Middle East matter that there could be no comparison. The Prime Minister did not seem to give wholehearted assent to that view. The President described the onerous character of the military burden, mentioning that in our efforts to arrive at a peaceful solution of the Middle East crisis that we should not forget the

¹Source: Eisenhower Library, Whitman File, International File Confidential. Drafted by Murphy. Prime Minister Bandaranaike was in Washington for a 1-day visit following his address to the opening session of the U.N. General Assembly. Additional documentation regarding his trip is in Department of State, Central File 033-46E11/8-256.

Soviet menace. He referred to the large-scale Soviet sale of arms to Egypt and the profuse offers made by the Soviet Union of arms to Egypt and other countries at little expense. He pointed out that it is one thing to receive expensive armaments in a country and yet another to provide the budget and economic effort to support such armament. He said that the United States is very careful not to induce other countries to accept expensive armament when we know that they cannot afford to maintain it. No such reservation seems to prevail in connection with the Soviet Union, which uses its military and economic aid offers to penetrate the recipient country and then gradually by process of economic and other pressures to take over the control of the country. Thus there is a serious distinction between the objective of the United States in this regard and that of the Soviet Union. He pointed to the fact that unfortunately because of the Soviet policies this country is obliged to spend 10% of its gross national product and 50% of its national budget on military defense. We would like to be relieved of that burden which we do not enjoy. The Prime Minister said he realized this and appreciated the President's attitude which he found heartening and about which he congratulated the President. The President added that had it not been for all these pressing world problems he never would have been willing to stand for reelection. He felt that in light of present world conditions it was essential that his Cabinet and himself, the same group acquainted with these problems, stay in place during these critical days.

There was a discussion of the Arab-Israeli relations. The President informed the Prime Minister that whatever may have been the mistakes in the past, Israel is a permanent fact of life. Our task is to do whatever we can to build a more constructive Arab-Israeli relationship and to avoid provoking controversy over that issue; that could lead to a major war which would be terrible. The Prime Minister agreed.

After further friendly exchanges, the Prime Minister presented a gift to the President which included a collection of the precious stones of Ceylon. The President in turn presented to the Prime Minister an autographed photograph. After cordial exchange of greetings and mutual regard with expressions of desire of close cooperation between the two countries, the interview was terminated.²

² Prime Minister Bandaranaike also briefly met with Acting Secretary Hoover primarily discussing developments in the Middle East. (Memorandum of conversation by Charles D. Withers; *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199)

141. Telegram From the Embassy in Ceylon to the Department of State¹

Colombo, March 15, 1957—5 p.m.

515. Reference Embtel 509.² Without wishing create undue concern for immediate future, Embassy observes political orientation GOC has deliberately turned to left under leadership Prime Minister Bandaranaike since joint Embassy USOM telegram 320, December 5³ and future political developments seem considerably more unclear.

Prime Minister Bandaranaike mouthing Marxian phraseology has repeatedly called for cooperation of "progressive" forces and now appears much more amenable to demands extremists in government while at same time attempting placate forces outside government. Prime Minister's changed attitude results variety factors including: (1) defeat of MEP in most municipal and urban elections last December by "independents" many of whom were regarded as UNP supporters in disguise; (2) victory of UNP in Kandy and Colombo elections. Prime Minister actively participated in Colombo campaign after his role as world statesman in Delhi, Washington, New York and Ottawa and loss election was crushing blow to his greatly inflated ego; (3) recent decision former Prime Minister Dudley Senanayake to rejoin UNP; (4) increasing economic and political pressures from within and out government, especially from Tamils, labor and Buddhist extremists constant frustrations, wide criticism for lack accomplishment and recent call on UNP for new elections plus recurring rumors of some kind of coup; (5) Prime Minister's own deep-rooted feelings of insecurity and intense personal desire remain as Prime Minister for his elected term . . . ; (6) effect of anti-Western influences including Communists and Sinhalese extremists in poisoning his mind.

If Prime Minister remains physically and mentally well odds are he will last out his term in absence of serious crisis. Economic or political crisis might cause his fall and succession by a more extreme

¹ Source: Department of State, Central Files, 746E.00/3-1557. Secret.

² In telegram 509, March 14, the Embassy reported that Ceylonese Permanent Secretary for External Affairs De Soyza had recently called on the Chargé to explain that Bandaranaike considered that the United States, in its own interests, should "postpone" the planned opening of an information center at Jaffna. The prime reason for this request was the increasing communal tension in Ceylon between the Tamils and the Sinhalese. (*Ibid.*, 511.46E/3-1457)

³ In telegram 320, the Embassy and the USOM reported that the political orientation of Ceylon increasingly appeared to be moderate: "Prime Minister has followed as cautious and as moderate a course as politically practicable in view Mahajana Eksath Peramuna campaign promises." (*Ibid.*, 846E.49/12-556)

government or a period of rule by the Governor General followed by new elections. Such crisis could be caused by communal disturbances leading to uncontrollable riots. Prime Minister believes he can maintain control by playing opposing individuals and groups in government against each other, but he may get beyond his depth.

Embassy believes no changes United States policy presently called for but would view any increases in AID programs with great reserve.

Smith

142. Memorandum of Discussion at the 334th Meeting of the National Security Council, Washington, August 8, 1957¹

Present at the 334th Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Acting Director, U.S. Information Agency; the Director, International Cooperation Administration; the Deputy Secretary of Defense; the Counselor, Department of State (acting for the Secretary in Items 1 through 6); the Vice Chief of Staff, U.S. Army (for Item 7); Admiral H. D. Felt, USN, Department of Defense; the Chairman, Joint Chiefs of Staff; the Acting Director of Central Intelligence; The Assistant to the President; the Deputy Assistant to the President; Special Assistants to the President Cutler, Randall and Dearborn; the Acting White House Staff Secretary; the Naval Aide to the President; the Acting Executive Secretary, NSC; and the Director, NSC Secretariat.

There follows a summary of the discussion at the meeting and the main points taken.

[Here follows discussion of agenda item 1: "U.S. Policy Toward South Asia."]

¹ Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on August 9.

2. *U.S. Policy Toward South Asia: Ceylon* (NSC 5701; Progress Report, dated July 24, 1957, by OCB on NSC 5701;² Memo for NSC from Executive Secretary, same subject, dated July 31, 1957;³ Memo for NSC from Acting Executive Secretary, same subject, dated August 7, 1957⁴)

Mr. Cutler briefed the Council, and explained the reasons which had prompted the NSC Planning Board to propose a change in paragraph 80 of NSC 5701, as follows:

"Continue to impress upon the Government of Ceylon that the provision of U.S. economic aid will be reconsidered should Ceylon expand its trade in rubber or strategic commodities with the Communist bloc, and continue to urge that Ceylon ~~discontinue its rubber exports to Communist China~~ endeavor to minimize rubber exports to the Communist bloc."

He pointed out that the Planning Board was unanimous in its support of this revision, but that the Joint Chiefs of Staff were opposed to the revision on the ground that no such change should be made until completion of the forthcoming review of U.S. economic defense policy by the National Security Council. (A copy of Mr. Cutler's briefing note is filed in the minutes of the meeting.) He then asked Admiral Radford for further comments.

Admiral Radford replied that it didn't seem to him to make very much difference whether paragraph 80 was revised or not. In point of fact, this Government was already following the course of action set forth in the proposed revision of paragraph 80 prepared by the Planning Board. The Joint Chiefs of Staff simply felt it desirable to point out the forthcoming review of U.S. economic defense policy and its bearing on the revision of paragraph 80.

The President inquired whether Ceylon was now finding itself in greater need of rice than had been the case when Ceylon made its first contract to exchange Ceylonese rubber for rice from Communist China. Mr. Cutler replied that this was probably not the case, but that Ceylon must nevertheless find a market for its rubber.

The President then stated that this seemed to be one more instance of the Communist practice of exporting food which was in

² Document 6.

³ In this memorandum the proposed revision of paragraph 80 of NSC 5701 was enclosed along with a brief rationale for the proposed change which is fully explained in this memorandum of discussion. (Department of State, S/S Files: Lot 63 D 351, NSC 5701 Memoranda)

⁴ This memorandum enclosed the views of the Joint Chiefs of Staff on the proposed revision of paragraph 80 of NSC 5701. In a memorandum to the Secretary of Defense, dated August 6, the Joint Chiefs recommended the proposed revision be held in abeyance pending completion of an NSC study on the whole question of COCOM/CHINCOM controls. (*Ibid.*)

short supply at home. Accordingly, it might be a positive advantage to the Free World to encourage Communist China to sell rice, even though this vital commodity was in short supply. This would prove harmful to Chinese Communist government policy in China.

Admiral Radford again repeated that he felt it was of no particular consequence whether paragraph 80 were revised or not. The President indicated that he believed the revision should be made, and that the proposed new policy would probably represent no loss to the United States in any case. Secretary Wilson expressed agreement with the President's view.

*The National Security Council:*⁵

a. Discussed the proposed revision of paragraph 80 of NSC 5701, prepared by the NSC Planning Board, and the Planning Board's justification for such revision (transmitted by the reference memorandum of July 31, 1957) in the light of the views of the Joint Chiefs of Staff (transmitted by the reference memorandum of August 7, 1957).

b. Adopted the revision of paragraph 80 of NSC 5701 referred to in a above.

Note: The action in b above, as approved by the President, subsequently circulated to all holders of NSC 5701.

[Here follows discussion of agenda items 3-8, including consideration of United States policy toward Hong Kong, Iran, and Korea.]

S. Everett Gleason

⁵ NSC Action No. 1767. (*Ibid.*, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the NSC, 1957)

INDIA

UNITED STATES RELATIONS WITH INDIA; PRIME MINISTER NEHRU'S TRIP TO THE UNITED STATES; THE QUESTION OF ECONOMIC ASSISTANCE¹

143. Briefing Paper Prepared in the Office of South Asian Affairs²

Washington, January 19, 1955.

INDIA—SOME CURRENT ECONOMIC PROBLEMS

1. *Communist Economic Offensive*: There seems no doubt but that the Soviet Union and its European satellites and Communist China have recently greatly increased the tempo and scope of their efforts to supplement political penetration of South Asia with economic penetration. This is particularly true with respect to Afghanistan and India. The realization of the seriousness of this economic offensive has been heightened by the free world's military reverses in Indo-China. Communist efforts in India have been at least partially successful, e.g., the number of delegations between the Soviet-Communist China bloc and India has been greatly stepped up in the last year; the conclusion of an Indo-Communist China trade agreement looking to increased trade; the Indian Government is seriously considering a Soviet offer to construct a large steel mill on easy credit terms.

2. *Public Law 480: Agricultural Trade Development and Assistance Act*:³ Public Law 480 authorizes the disposal of \$1 billion in US surplus agricultural commodities over a three-year period. This Act has been cited by high US officials as a valuable supplement to the economic development efforts of, specifically, the South and Southeast Asian

¹ For previous documentation on this subject, see *Foreign Relations*, 1952-1954, vol. XI, Part 2, pp. 1633 ff.

² Source: Department of State, NEA/SOA Files: Lot 57 D 16, Briefing Material for Ambassador Cooper, India: Economic. Secret. Drafted by Warren A. Silver and Peter H. Delaney of the Office of South Asian Affairs. It was Tab 1 in the briefing book prepared for John Sherman Cooper, who was appointed Ambassador to India on February 4 and presented his credentials on April 9.

³ For text of P.L. 480, approved on July 10, 1954, see 68 Stat. 454.

countries in the Colombo Plan.⁴ The problem of working out an adequate program for India remains acute, especially in view of India's request one year ago for US consideration of a three-year program for India involving 4½ to 5 million tons of wheat. At present, the best that we have been able to get the Inter-Agency Committee administering the Act to agree to is a program to India in this fiscal year of only \$24.4 million at market cost. The Embassy and the FOA mission have strongly recommended a program of one million tons of wheat for one year, and NEA is continuing to try to obtain an adequate program.

3. *Strategic Materials and East-West Trade*: As part of our policy to eliminate trade between India and the communist bloc in strategic materials, and to assure the US adequate supplies of such materials, we have arrangements with the GOI on beryl and thorium nitrate.⁵ Constant vigilance, however, is necessary to assure, insofar as it lies within the power of the US, that India's actions do not conflict with the provisions of the Battle Act.⁶ India's cooperation with regard to exports has been carried on in an informal . . . manner. This cooperation has been at least adequate, though problems involving specific shipments or groups of shipments continue to arise. So far, we have been able to adjust to them on an ad hoc basis.

4. *Negotiations and Agreements*: Negotiation of a Treaty of Friendship and Establishment continues to be an important US objective in terms of assisting in the creation of conditions facilitating the inflow of private American capital into India. The GOI has recently evidenced a reawakening of interest in actively pursuing negotiations. To supplement the negotiation of this Agreement, the US would also like to see the conclusion of a convention for the prevention of double taxation. Discussions on an investment guaran-

⁴ The Colombo Plan for Cooperative Economic Development in South and South-east Asia, which went into effect July 1, 1951, was intended to stimulate long-term development. (Cmd. 8080)

⁵ The United States entered into an agreement with India on October 1, 1950, to buy 25 percent of the Indian production of beryl ore for a period of 5 years, with an option for 5-year extensions. A memorandum of commitment in regard to the purchase of thorium nitrate was concluded in 1954 and subsequently on December 14, 1955, the United States negotiated a contract with India to purchase 230 tons of thorium nitrate. Documentation on these subjects is in Department of State, Central File 891.2546.

⁶ For the text of the Battle Act (named after Rep. Laurie C. Battle of Alabama), or Mutual Defense Assistance Control Act (P.L. 213, approved on October 26, 1951), see 65 Stat. 644. It provided that all U.S. military, economic, and financial assistance be terminated to any country trading embargoed materials to the Soviet Union and its satellites, including the People's Republic of China. Thorium nitrate was on the list of strategic materials and India's sale of this material to the PRC, led the United States to make a preemptive purchase of India's production. For documentation, see *Foreign Relations, 1952-1954*, vol. XI, Part 2, pp. 1696 ff.

tee agreement have not indicated any particular desire on the part of the GOI for such an agreement.

5. *Aviation Problems*: The 1946 Indo-American air transport agreement⁷ was permitted to terminate on January 14, 1955, after last-minute attempts on both sides to reach agreement did not result in the reconciliation of previously expressed points of view. The crucial barrier to agreement was India's insistence on the pre-determination of flight frequencies which was a principle the US could accept in the Indian case only at the risk of endangering its worldwide position against pre-determination. The Government of India has issued temporary permits authorizing continued operation of two round-trip flights weekly to and through India, each by Pan American and Trans-World Airlines. Each company has, in the past, been operating three round trips weekly. PAA will serve either New Delhi or Calcutta on each flight and TWA will serve Bombay on both flights.

At the same time that India is making it more difficult for US airlines to operate in India, a question has arisen here directly affecting India's own air operations. India has ordered three Super Constellation aircraft in the United States. The aircraft became or will become ready for delivery, one in January, one in February and one in March of 1955. They require US export licenses. India's announced intention of instituting—at some vague future date—air service between India and Canton via Hong Kong raised the question of the conditions under which the US should license the export of these planes, in view of the possibility that some US equipment—if it were used on the Hong Kong-Canton run—might fall into the hands of the Communist Chinese. After lengthy discussions in the Department, in which the interested bureaus were unable to reach agreement, Secretary Dulles acted to issue instructions for an export license on the plane ready for delivery on January 3. The fate of the other two planes has not been decided.

6. *General Agreement on Tariffs and Trade*:⁸ India, as an adherent to the General Agreement on Tariffs and Trade, has participated in the current discussions at Geneva looking toward a revision of the Agreement. India's position is that the underdeveloped countries, including itself, require special advantages in terms of their ability to maintain tariffs and quantitative restrictions.

⁷ For text, which was signed and became effective on November 14, 1946, see TIAS 1586 or 61 Stat. (pt. 3) 2573.

⁸ Concluded at Geneva October 30, 1947, and entered into force for the United States January 1, 1948. See TIAS 1700; 61 Stat. (pts. 5 and 6).

144. Letter From the President to the Secretary of State¹

Washington, March 23, 1955.

DEAR FOSTER: In the Indian situation I am struck by the amount of evidence we have that Nehru seems to be often more swayed by personality than by logical argument. He seems to be intensely personal in his whole approach, and I have no doubt that the recent meeting in my office² was arranged by Mr. Nehru in order that his trusted lieutenant could give him a personal appraisal of my general attitude toward the world, India, and Nehru himself.

If this is true, I do hope that you will urge our new Ambassador there to do everything possible to win the personal confidence and friendship of Nehru. I think he should study thoroughly any methods and practices that have apparently been successful in the past, and we, on our part, should avoid putting chores on our Ambassador that would almost compel him to show an unsympathetic attitude toward the Premier. It seems to me that Cooper should be particularly fitted to do this. He has a charming wife and between them we might build up a very much better position, not because of any greater ability on the part of our representative, but merely because he pursues one single *general* objective that could possibly pay off in big terms.

Don't bother to answer; this is something we can talk about at our leisure. (?)

As ever,³

¹ Source: Eisenhower Library, Whitman File, Eisenhower Diaries. Personal and Confidential.

² The President met with V.K. Krishna Menon and Ambassador Mehta on March 15. At this meeting, which Dulles attended, Menon covered a variety of topics. (*Ibid.*, ACW Diary)

³ The source text is unsigned.

145. Telegram From the Embassy in India to the Department of State ¹

New Delhi, May 23, 1955—7 p.m.

1829. On Friday May 20 Pillai asked me to call. On my arrival he said that the subject of our conversation was one of great importance to relations of the Government of India and the U.S. He began his conversation by saying that there were many rumors about the activities of the USIS and its alleged subsidization of Indian newspapers and individuals and that these rumors had become the subject of conversation among members of the Cabinet and the Prime Minister himself. Said these rumors aroused suspicions of U.S. motives and suspicions were fed from time to time by certain people (he did not describe "people" or say whether they were in Government of India). Finally he said that certain instances enumerated below had aroused questions by Prime Minister himself. They are as follows:

1. Information that USIS pays *Pratap* ² newspaper for publishing material which it supplies, subsidy reported to be 15,000 rupees a month.

2. Identical language in articles printed in *Pratap* and Karachi newspapers on same day, critical of visit of Chou En-lai, which led Government of India to believe prepared by USIS.

3. Report that financial assistance given or promised by U.S. Consul General Bombay ³ to paper called *The People*.

4. Report that *Pratap* upon initiative of "American Embassy" undertook translating into Urdu the article of Mrs. Krishna Hutheesing which appeared in *Ladies' Home Journal*. ⁴ Also reported that U.S. bought large number copies this magazine for distribution in India and tried to secure its publication in various Indian languages. Further that it paid *Pratap* for publication of the article. Pillai said Nehru "terribly upset and disturbed about the article" which was written by sister.

Most important statement made by Pillai was that Nehru believed that if these charges are true that U.S. is purposely trying to undermine him in India before Indian people. Pillai interjected at time surely U.S. would not do this. What would happen if Nehru were not the head of the government? Continuing on the subject, Pillai said suspicions of officials about U.S. attitude were strengthened by unfavorable press reports regarding India received almost

¹ Source: Department of State, Central Files, 611.91/5-2355. Secret.

² *Pratap* was an Urdu-language newspaper published in New Delhi.

³ William T. Turner.

⁴ She had written an article about her brother and sister, Nehru and Madame Pandit, for the January 1955 issue of the *Ladies' Home Journal*.

daily from U.S. He said that he did not attach as much importance to these as some members of the Cabinet because he knew there were many favorable articles. Mentioning *Time* and *Life*, he laughed and said that Prime Minister was not much concerned about their articles. After he had finished, I said to him that I had no knowledge of the general suspicion until my first press conference when several members of the Indian press had asked me about subsidization of Indian newspapers by the U.S., and I had responded by saying I would not accept any assumption that subsidization has occurred. I then said to Pillai that I could categorically deny all of the above reports and could also state that the U.S. did not subsidize any Indian publication or individual. He was polite about this and said that he would accept fully my statement.

He then countered by saying that from Indian experience with the British before independence he knew as did Government of India that British maintained secret organizations about which other British officials had no knowledge, and Government of India knew British still maintained such agencies. I took this as implying that Government of India believed U.S. had organizations about whose activities preceding Ambassadors and I would not know. Said Government of India took a serious view matter, and would be difficult for frank consultation on U.S.-Indian problems and advancement our relations if this suspicion continued. He said Prime Minister Nehru would want talk with me after I had communicated with U.S. Government. Pillai's attitude friendly, saying it difficult talk about this subject but necessary suspicions be cleared up. Although Pillai very fair I felt he too had some belief report U.S. activities. In concluding his recital of rumors Pillai told me these had been base of his suggestion to me soon after my arrival that it might be wise limit USIS reading rooms to those cities in which U.S. Government had diplomatic or consular establishment.⁵ He said he would have gone into his reasons at that time except that he believed it best for me to have opportunity observe our operations here.

To clear up this situation I am sure that Government of India will expect me to say that I have made an investigation of these specific instances. Further I am sure Government of India expects me give the Prime Minister assurances regarding U.S. Government's agencies activities in India. Since this raises obviously fundamental question regarding basic objectives of USIS . . . we are developing problem and will forward our conclusions and recommendations soonest. Indeed, regarding above assurances there was some indica-

⁵ Reported in telegram 1579 from New Delhi, April 20. (Department of State, Central Files, 611.91/4-2055)

tion Pillai contemplated they be formulated by possibly the Secretary and transmitted through me.

Cooper

146. Telegram From the Embassy in India to the Department of State¹

New Delhi, May 25, 1955—7 p.m.

1849. Department pass Streibert. Embtel 1829² reported factually gist my conversation with Pillai re alleged activities official Americans in India tending undermine Prime Minister and his policies. This telegram summarizes my conclusions and recommendations after discussions with Willson, Bartlett, Flanagan, Blue (Weil absent on vacation), Kaufman.³

At very beginning I wish make clear it my opinion and that of staff of longer service here that USIS has faithfully followed United States policy and has shown judicious restraint in activities so as not engender opposition and suspicion of GOI.

Embassy aware GOI has been concerned with scope and effect USIS activities. Understand Nehru cautioned both Ambassadors Bowles and Allen that USIS was not to fight cold war within India. Laboring under this injunction but having compelling obligation to state American position on cold war issues emphatically, USIS has proceeded with prudence.

But insofar as information available here, this is first instance in which GOI has:

1. Raised issue of subsidization at request of PM Nehru who considers if subsidization is fact, it represents purpose of United States to undermine him and his policies;
2. Made request for highest level answers to alleged specific instances of United States subsidization;

¹ Source: Department of State, Central Files, 611.91/5-2555. Secret.

² *Supra*.

³ Clifford H. Willson was the Director of the Technical Cooperation Administration (TCA) in India; Frederic P. Bartlett was the Counselor for Economic Affairs; Thomas E. Flanagan was chief Public Affairs Officer; William L. Blue was First Secretary and Consul; T. Eliot Weil was the Counselor of the Embassy; and Walter J. Kaufman, Jr., was Embassy attaché.

3. Stated it takes serious view of matter and hopes United States Embassy will put stop to practice as if fact of practice established.

As stated Embtel 1829, my answer must be quite clear to GOI. I believe I can truthfully say to Pillai and Nehru that USIS has not, does not, and will not resort to subsidization by any form in order to elicit what we consider to be items in journals or newspapers favorable to our cause.

Further, I can point out that, far from undermining GOI, USIS has continually devoted sizeable portion its resources to actively supporting economic and social programs of GOI. For example, series of 20 motion pictures made by USIS in India were all devoted towards depicting progress being made by India under Five-Year Plan. In addition, I shall point out that most important single publicity organ of USIS, *American Reporter*, has as matter of policy in almost every issue in four years of its existence carried articles paying finest tribute to India's efforts.

If necessary convince GOI I am being fully frank, I intend point out USIS assistance to publishers in encouraging publication of American books under book translation program. I can explain it my understanding GOI has long been aware this activity which at all times has been conducted in aboveboard manner.

There only one situation of which I have received knowledge which might be misunderstood by GOI. This was purchase by USIS from magazine *Thought* of 5,000 pamphlets written by Indian trade union leader Shastri entitled "My China Diary",⁴ which were distributed by *Thought* on basis of list agreed to by USIS and *Thought*. This seems to me borderline arrangement which on facts could not be deemed unfavorable to GOI, but which as general principle would undoubtedly be considered by GOI as type of arrangement to which they might object. I shall not, however, bring this matter up unless they initiate it.

Department . . . has fuller information than I have submitted regarding . . . activities which I hope will be taken into account in response of Department.

Unless Department, USIA, or CIA have information contradictory to above, I propose flatly and firmly to inform Pillai and Nehru specific rumors he mentioned are completely and utterly without foundation. I assume that in any statement I make concerning practices of our information services, there has been nothing done by any other agency which would contradict my proposed statement, but I must be informed fully about this. If I should make firm

⁴ "From My China Diary" was written by Brajkishore Shastri.

representations which are not true in fact, it would impair my usefulness here.

However, I believe there is a more important issue involved, not fully disclosed by Pillai but which may motivate the thinking of PM and his Cabinet. It has been clear to me since coming here that deepest disagreements between United States and GOI lie in our foreign policy and the assumptions upon which our policy is based. When reasons for our policy are explained by American Embassy and USIS, in accord with State and USIA guidances and instructions, then they contradict many assumptions upon which GOI foreign policy is based. I suspect that what may be really troubling Nehru and GOI is the thought that American officials in India are trying to convince Indians of correctness of American foreign policy and desirability of its support, which by implication suggests rejection of Nehru's foreign policy. If this basic reason, then ultimate effort of Nehru may be to reduce to greatest possible degree or stop USIS in efforts to fairly present United States policy. This, to me, is position which we could not accept and which we must oppose. Such a GOI position would contradict our conception of free information and would represent adoption by GOI of their own kind of iron curtain. In this context, therefore, it seems natural that USIS as public voice and interpreter of United States Government should be target. Feel certain GOI aware that USIS, with extensive operating mechanism and trained personnel stationed at key points, delivers continuing impact throughout India.

Another illuminating factor is recent experience of *New York Times* business representative Bailey⁵ in India, who was seeking permission to have overseas edition of *Times* printed here. Bailey reported after three months unavailing efforts he found much active anti-American attitude in high government circles. In my view this *New York Times* experience indicates unwillingness of GOI to have full coverage of United States policy developments plus sober American editorial reactions made available to its citizens.

It possible that basic question of freedom of United States to state and interpret persuasively within India United States foreign policy may have to be discussed with Pillai and Nehru. If I am to be in strongest position to advance our views on this basic question,

⁵ John T. Bailey of the International Edition.

then I must for my own information be fully informed on any operations by official agencies of United States other than USIS.⁶

Cooper

⁶ Flanagan wrote to Damon on this matter on June 1 and 11. He indicated that paragraphs 2, 3, 5, 6, 7, 8, 11, and 12 of this message had been drafted by USIS personnel at New Delhi. While pleased by the support of the Embassy, Flanagan called for "prudence" and "restraint," given the lingering climate of Indian suspicion and the close scrutiny USIA operations would likely come under in the future. He saw little to be gained under that circumstance from distributing anything which Nehru or his colleagues could view as being critical of the Prime Minister personally. (Department of State, USIA/IAN Files: Lot 61 D 233, India-New Delhi PAO—Jan.–June 1955)

147. Telegram From the Department of State to the Embassy in India¹

Washington, May 28, 1955—3:20 p.m.

1906. 1. Department, USIA and CIA have given careful thought to most serious problem raised Embtels 1829² and 1849.³ Are inclined agree your analysis most important issue involved is difference between US and Indian foreign policies and Prime Minister's resentment US efforts spread knowledge in India of basic assumptions and tenets US policy.

As you are of course aware, Indian Embassy and other GOI offices in US continually disseminating informational material with objective obtaining American people's understanding and support Indian foreign policy. Indian Embassy "Indiagram" (informational bulletin) regularly features long excerpts from Nehru's official criticisms policies of US and its allies, as in Nehru's February 25 and March 31⁴ speeches in Lok Sabha, as well as sharper editorial criticisms from Indian newspapers and statements by individual

¹ Source: Department of State, Central Files, 611.91/5-2555. Secret. Drafted by Jones, approved by Allen, and cleared with the USIA and NEA.

² Document 145.

³ *Supra*.

⁴ In his March 31 address, Nehru condemned the practice of viewing everything from a Communist or anti-Communist perspective and was critical of regional defense pacts, atomic weapons, racialism, and the alleged tendency of the Western powers to intrude in Asian affairs. (Telegrams 1443 and 1444 from New Delhi, April 1 and April 2, respectively; Department of State, Central Files, 691.00/4-155 and 791.00(W)/4-255)

Indians, like C. Rajagopalachari's⁵ demand for US to destroy nuclear weapons unilaterally. In attempt explain Indian stand to American people Indigram consistently carries material critical Portugal and Union of South Africa and recently to Pakistan as result Kashmir border incident. Indigram has also included texts Chou En-lai's statements, and items portraying ChiCom policies in favorable light.

2. According information available Department, USIA and CIA instances of undesirable USG action cited by Pillai contained in numbered paragraphs 1, 3 and 4 of Embtel 1829 are completely without foundation. No US Governmental agency has engaged in transaction *Pratap* or *The People* such as that cited reftel. Moreover all US agencies assert they have made no attempt publicize Mrs. Hu-theesing's article which appeared *Ladies' Home Journal*.

Re numbered paragraph 2 Embtel 1829 USIA unable identify newspaper articles referred to. There is of course possibility Karachi newspapers and *Pratap* might have utilized on same day same hand-out by USIS critical of Chou En-lai and other Chinese Communist leaders. These sent in daily wireless files beginning June 26 and included editorial roundup June 30 with Indian as well as other press comment on Nehru-Chou Delhi meeting and continued with decreasing frequency through August. USIS Delhi would have record of its releases and Karachi could supply its record.

Furthermore no USG agency has undertaken any activity having as its objective the undermining of the standing of Nehru with Indian people. Support of Nehru's Government is US national policy approved at highest level.

3. Department concurs your recommendations contained Embtel 1849 re line you might take with GOI in response Pillai's démarche. Department, USIA particularly impressed probable effectiveness argument USIS has devoted considerable portion its activities in India to support GOI policies. Following are additional suggestions you might wish consider:

(a) As specific "instances" of improper USG action cited by Pillai were contrary to fact US would appreciate opportunity investigate any such reports GOI might receive in future. It is in interest both countries that such reports be carefully sifted in order reach truth, particularly since persons attempting undermine interests both India and US may be endeavoring discredit US in India.

(b) In order convince Pillai thoroughness and fairness our investigation his charges Embassy might wish admit possibility similar articles critical Chou En-lai might have appeared in Indian and Pakistan newspapers same day. As Pillai must be aware, US sends

⁵ Chakravarti Rajagopalachari, an Indian elder statesman, formerly Governor-General of India, Minister without Portfolio, Minister of Home Affairs, and Chief Minister of Madras.

many countries identical articles for dissemination newspapers in accordance practice all countries including India.

(c) In order obviate any doubts GOI re activities USIS India you might offer have one of your officers review with Pillai or representative designated by him all USIS activities in India in certainty they are in accordance practices all free nations in informational field and will receive approval GOI.

(d) When book translation program initiated in India, GOI was informed. This is evidence US good faith and desire not engage in activities repugnant GOI.

(e) It is fundamental to freedom that divergent views may be expressed. As noted above GOI engages this activity in US. Before restricting bona fide activities of both governments this field, hope GOI will seriously examine where such policy might lead.

Kennedy⁶ has seen this telegram.

Hoover

⁶ Donald D. Kennedy was Counselor of Embassy in India with the personal rank of Minister. He was at the Department of State briefly from June 15 before being assigned to Sydney as Consul General on August 15.

148. Telegram From the Embassy in India to the Department of State¹

New Delhi, June 1, 1955—6 p.m.

1901. Department pass Streibert. This morning 11:30 called on Prime Minister. In 45-minute talk, 20 minutes was devoted to USIS problem. I stated upon basis of my own investigations India, and upon statements of Department:

(1) Specific instances presented me by Pillai were without foundation;

(2) Further, that USIS or Department did not in any way subsidize any publications or individuals in India. I emphasized that we had treated GOI inquiries with the importance which GOI had attached to them, and responded further along the lines in Embassy telegram.

Nehru responded by saying that he accepted without question my statement and that of Department and said that he did not question in any way the friendship, good purposes, and desire for good relations of United States. He then said that he felt that he

¹ Source: Department of State, Central Files, 511.91/6-155. Top Secret; Priority.

must say he did not think suspicions or charges on past operations entirely baseless, suggesting as Pillai, there might be some organization "in the vast United States Government" which charged with certain policies might, "mistakenly" undertake such operations, or some individual or perhaps some persons outside scope of government might "mistakenly" undertake same. Only specific suggestion he made was that organizations could in an apparently legal and normal way assist publications by favorable contracts for their work. I gave him such details were available to me on USIS contracts for printing, saying that they were normal and prices normal, and USIS is willing to discuss same with representative of GOI if he desired. He further said that he had impression that USIS was not under authority [of Ambassador. I replied?] that I did have responsibility inquiring into its operations and seeing to it that they were in accord with United States policy which was to support and maintain friendliest cooperative and honorable relations with India, and that I would do so. At end I said that I would say as a representative United States Government that Department or USIS had not engaged and would not engage in such activities. We then discussed briefly general problem of interchange of views by information services and necessity for freedom of information, and while he did not dwell long on subject, he said that such interchanges were acceptable and necessary. My conclusions are as follows

1. He accepts my statement that Department and USIS are not presently engaged in subsidization.

2. He has some doubt that they have not so engaged in the past.

3. He accepts our assurance that problems relating to information will be fully discussed between GOI and US, taking initiative in saying he felt sure this would be possible.

4. He has some suspicion that there is some agency outside Department of State which unknown to US representatives in India has the possibility of carrying on such activities.

5. There will be no request at this time by GOI for any reduction of USIS posts or activities. This was not discussed but I feel this to be true from tone and subject of our conversation.

6. Conversation respecting USIS and information activities friendly and full. Nevertheless I have feeling that he is watching developments and suspicion is not entirely erased from his mind.²

² On August 14, Henry Loomis, Chief of the Office of Research and Intelligence of USIA, wrote to Flanagan in regard to the collection and "submission of important information" on Indian local affairs, in light of the sensitive situation in which USIA found itself. "No one ever anticipated or expected that USIS people anywhere would

(Continued)

7. I recommend thorough review and analysis of . . . operations India.

Cooper

(Continued)

engage in any concentrated looking, asking, or digging. We have always held that most of the information in which the Agency is particularly interested, and which is not received from other agencies, is the type of information which USIS people pick up in the normal course of their regular duties." This included "Propaganda activities of other countries and groups; indigenous media facilities, target groups, etc." Cloak and dagger operations, he wrote, did not come under that heading. Loomis did want book and periodical collection, particularly of Communist propaganda material. (*Ibid.*, USIA/IAN Files: Lot 61 D 233, India-New Delhi PAO—July–December 1955)

149. Letter From the Chairman of the Operations Coordinating Board (Hoover) to the President of the Export-Import Bank (Edgerton) ¹

Washington, June 6, 1955.

DEAR GENERAL EDGERTON: J.R.D. Tata and other representatives of the Tata Iron and Steel Company (TISCO) have come to the United States to seek financial assistance in expanding the capacity of their steel works by about 700,000 ingot tons.² An ad hoc working group, representing the Department of the Treasury, the

¹ Source: Department of State, Central Files, 891.331/5-955. Secret. Drafted by Staats and cleared by Overby. An identical letter was sent to George M. Humphrey, Chairman, National Advisory Council on International Monetary and Financial Problems.

² In late 1954, the Soviet Union had offered to construct a steel mill for India under easy credit terms. B.M. Birla, an Indian industrialist, then approached the United States and the United Kingdom seeking support for a privately-financed steel plant to counter the Soviet offer. He engaged in preliminary discussions with the Export-Import Bank. On May 25, 1955, a fellow industrialist, J.R.D. Tata, and some of his associates, held separate meetings with George V. Allen and Acting Assistant Secretary of State for Economic Affairs Thorsten V. Kalijarvi. Tata told the latter that private funding was not available, and that since he ruled out IBRD financing because of the requirement for an Indian Government loan guarantee, the Export-Import Bank was his major hope. Kalijarvi encouraged Tata to submit a formal application for assistance. Tata indicated to Allen that he hoped to raise \$62.5 million in the United States, which he maintained would make it possible for him to show what private enterprise could accomplish in India while simultaneously allowing the United States to counter recent Soviet ventures. Allen replied that the proposal had to stand on its own merits and not appear to stem from the Soviet initiative, though he hoped private enterprise "would show the Soviet plant to a disadvantage". (Memoranda of conversation by J. Robert Fluker, May 25; *ibid.*, 891.331/5-2555)

Department of State, Central Intelligence Agency, Foreign Operations Administration, The Department of Commerce, and the Export-Import Bank, considered the Tata visit and the probability that the Export-Import Bank would receive a request for a loan of somewhat less than \$90 million. The working group drew the following conclusions from the point of view of U.S. security interests:³

(1) It is in the U.S. interest to lend funds on a sound proposal for expansion of Tata Iron and Steel Company capacity in India.

(2) The Export-Import Bank is preparing to consider Tata's anticipated specific proposal.

(3) It is anticipated that sympathetic consideration will be given by the Export-Import Bank to the Tata application to the extent consistent with the soundness of the proposal and U.S. policies and objectives, including as feasible the maximum use of private resources.

(4) In view of the danger that fruitless or long protracted Tata negotiations might help the forces opposed to private steel expansion in India, it would be very much in the U.S. interest if it is possible to approve the Tata loan in principle before the departure of the Tata officials from Washington.

(5) There should be a press release covering any agreement, agreement in principle, or progress statement if favorable, at the time of their departure to forestall adverse press reports in India that might occur in the absence of more accurate information.

These conclusions were considered by the Operations Coordinating Board on May 25. The Board was impressed with the importance of the security interests involved and agreed that these interests should be drawn to the attention of both the NAC and the Export-Import Bank, with the request that they be taken into consideration.⁴

Sincerely yours,

Herbert Hoover, Jr.⁵

³ These conclusions were set down by the working group in a May 23 paper entitled "U.S. Aid for Expansion of Indian Steel Production Capacity," which was an attachment to a memorandum from Staats to the Operations Coordinating Board dated May 24. (*Ibid.*, OCB Files: Lot 61 D 385, India)

⁴ Edgerton replied to Hoover on June 15 informing him that there were no apparent obstacles to the extension of a loan to Tata. On the previous day, he had written Tata to assure him that the Export-Import Bank would be pleased to receive a formal application from him for the purpose of securing financing for U.S. services and equipment needed for his expansion program. (*Ibid.*) Ultimately, in June 1956, the IBRD approved a \$75 million loan to pay for some of the foreign exchange costs of goods and services needed to boost Tata's output. The loan was for a 15-year period at an interest rate of 4½ percent. The loan, the largest the IBRD had made until then to industry and to Asia, was guaranteed by the Government of India.

⁵ Printed from a copy which bears this stamped signature.

150. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Allen) to the Secretary of State¹

Washington, July 29, 1955.

SUBJECT

Possible Visit by Prime Minister Nehru to the US

Lewis Douglas' suggestion that Nehru might be invited to address the English-Speaking Union in New York on November 8 seems to me a rather good one.² A number of people, as you know, have been urging that the President invite Nehru to visit the United States. We decided against it two months ago because Nehru was on his way to Moscow and we did not want to appear to be climbing on the bandwagon or building up Nehru too much. The Moscow visit has now been superseded in the public view by the much more important Summit Conference, and an invitation to Nehru would not have as many drawbacks now as it had previously.

I am inclined to think Nehru realizes that he has been too far on the Moscow-Peking side and is looking for a way to climb back a bit. Whether we like it or not, Nehru will probably run India for some time to come, and India's good will is worth some effort.

I still feel hesitant about wooing Nehru too assiduously, particularly since there are no great problems between India and the United States to discuss. Hence, it seems to me that if the chief cause for

¹ Source: Department of State, Central Files, 033.911/7-2955. Confidential.

² Douglas, who had served as Ambassador to the United Kingdom from 1947 to 1950, had contacted Sherman Adams, who in turn apprised Dulles of the idea. (Memorandum of telephone conversation by Phyllis D. Bernau, July 28; Eisenhower Library, Dulles Papers, White House Telephone Conversations) On that same date, Pillai presented Ambassador Cooper with a copy of a letter which Mehta conveyed to President Eisenhower the next day, inviting him to visit India. (Telegram 201 from New Delhi and memorandum of conversation by the Acting Chief of Protocol, Victor Purse, July 29; Department of State, Central Files, 711.11-El/7-2955) When Dulles showed the President a copy of telegram 201, Eisenhower remarked that India and Mexico "had a status of their own" and "he was particularly anxious that we should have wise policies and good relations" with those nations. Dulles advised that acceptance of the Indian invitation would set a bad precedent, for such good will tours would unbearably increase Presidential responsibilities. (Memorandum of conversation by Dulles, July 29; Eisenhower Library, Dulles Papers, Meetings with the President) Following Dulles's advice, the President addressed a letter to Nehru on August 1 in which he stated that "it would not be compatible with our form of government for me to get into the practice of making state visits abroad, however personally tempting this prospect is." He then tendered an invitation to Nehru to visit the United States possibly at the time of the November meeting of the English-Speaking Union. (*Ibid.*, Eisenhower Diaries) Nehru replied on August 15 that he would be glad to meet the President in the United States, though he believed that a wider purpose would be served by Eisenhower coming to India. Since Parliament would still be in session in November that date was ruled out. (*Ibid.*, Dulles-Herter Series)

the visit were to address the English-Speaking Union, with an invitation by President Eisenhower for Nehru to spend three days in Washington as the guest of the United States Government, the balance would be about right.

A visit by Nehru in November would be a good occasion for bringing Ambassador Cooper back for consultation.

151. Telegram From the Embassy in India to the Department of State¹

New Delhi, August 26, 1955—9 p.m.

388. On August 23, Pillai revived USIS issue. He said he regretted raising issue again as he had thought matter closed after my talks with PM reported Embassy telegram 1901,² but PM had decided as GOI policy that information centers of foreign countries could not be maintained except at locations of Embassy and consular offices. Therefore US was asked to close all centers except Delhi, Bombay, Madras, Calcutta. He then brought up following matter, which leads me believe decision is not based altogether on policy expressed by Pillai, but derives from dislike and suspicion of information program emphasized in my talks prior reported. He showed me letter written by USIS PAO Lucknow dated August 8, 1955, to unnamed individual as follows:

"This is to bring to your notice that it is occasionally possible for this office to recommend those interested persons who may be desirous of visiting the United States at some period during their professional career. As we are bringing our records up to date on the subject, and if you are interested, it would be appreciated if you would fill out the attached form and send it to me at your earliest convenience, in order that we may have your name and particulars for recommendation should the opportunity ever arise.

"With kind regards,

"Sincerely,

"Royal D. Bisbee, Jr.,

"Officer-in-Charge".

He said addressee was family friend of PM who had not requested visit US and letter had been interpreted as improper. Pillai

¹ Source: Department of State, Central Files, 511.91/8-2655. Secret. Repeated to Bombay, Calcutta, and Madras.

² Document 148.

himself thought it in bad taste. This led me to make following statement to Pillai:

(1) Explaining generally Department "leader" program I said it was possible addressee had indicated interest in US visit and if he had not, it was possible that letter was normal inquiry or perhaps there was mistake in addressee. If issue was simply one of procedure and possible impropriety, it was a matter which could be discussed and corrected and information centers should not be closed on such incident.

(2) If the emphasis on this incident grew out of attitude which had been expressed to me in my former talks over USIS, that program of USIS was directed against GOI, then issue was one which deserved serious consideration. If this true ground of complaint then argument would apply equally to information centers Delhi, Bombay, Calcutta, Madras. I said I raised these two questions because the introduction of the letter incident did not seem to accord with GOI position that closing of centers was solely one of policy applying to all countries.

Pillai reiterated decision was one of policy alone, saying no country other than US had centers except in cities of Embassy or Consulate establishments, noting that UK had closed one of its centers and saying that Tass request to send four additional representatives to India had been refused.

Bisbee, PAO Lucknow, came to Delhi with full records which include questioned letter addressed to Shive Nath Katju the son of Defense Minister.³ Bisbee says Katju had previously indicated interest in visit US but had answered Bisbee's letter saying in substance it was offensive to him. Bisbee's records show identical letter addressed to other nominees and all had accepted. USIS say letters of same general type used throughout India and there is no record of previous addressees taking offense. I think it evident that Katju had communicated with father who had raised question issue with Nehru. USIS and Embassy preparing memorandum on "leader" program as Department of State program, legislation supporting it, history in India and its purposes. I will give to Pillai for study and request he submit to Nehru. Then it is my intention to talk to Nehru. My plan for talk is to inquire what grounds decision based, raising points (1) and (2) above and possible exploring GOI attitude toward free exchange of information. Please convey information to Streibert and give me advice and suggestions. I must note Pillai told

³ Kailas Nath Katju.

me he believed PM and Cabinet had made firm decision and would not retreat from decision that centers be closed.⁴

Cooper

⁴ In telegram 483 to New Delhi, August 30, the Department of State and USIA approved Ambassador Cooper's plan to talk to Nehru. He was advised to request more details on how the information centers had been offensive to the Indian Government. Additionally, he was to express the belief that the centers were of benefit to the areas they served. (Department of State, Central Files, 511.91/8-2655)

152. Department of State Memorandum¹

Washington, September 20, 1955.

SUBJECT

Renewal of Beryl Arrangement With India

Problem:

The existing beryl supply arrangement between this Government and the Indian Government provides for automatic renewal for five years unless notice of termination is given by September 30, 1955, which is one year before the expiration of the arrangement's current term. Beryl is classified as a strategic material.

Discussion:

The original deadline for a decision as to renewal was September 30, 1954. In effect, a year's grace period was obtained, by agreement with the Government of India. This grace period was suggested by the U.S. because of uncertainties as to continuing U.S. needs and sources of funds and in recognition of the favorable provisions of the existing arrangement.

The present positions of the various interested agencies are understood to be as follows:

The Atomic Energy Commission, the Department of Defense, and the Office of Defense Mobilization consider that renewal or

¹ Source: Department of State, Central Files, 891.2546/9-2055. Secret. No drafting information is given on the source text. Attached to a memorandum of September 20 from Allen to Hoover requesting the latter to seek OCB approval on September 21 of the conclusions which follow. Staats transmitted the memorandum to the OCB under cover of a memorandum of September 20. (*Ibid.*, OCB Files: Lot 61 D 385, India)

extension of the arrangement is not warranted on the basis of present and foreseeable demand for beryl to meet defense and related U.S. Government requirements. Accordingly, they are not prepared to underwrite the continuance of the U.S. beryl arrangement with India. It is understood that the prime potential requirement, if any, would be operational, which therefore leaves the major determination of further requirements to the Department of Defense.

The administrator of the Battle Act considers it desirable that beryl supplies be denied to the Soviet Bloc (the present arrangement tends to encourage the retention of the GOI's official restrictions on general exports of beryl), and is prepared to support a request to fund a continuance of the arrangement from special funds of the President.

In the course of previous OCB meetings, it has been suggested that beryl might be downgraded on the strategic list; it is understood at this time that such downgrading is highly unlikely. The OCB has also considered in the past the possibility of negotiating an agreement providing for automatic annual renewal. The Department of State believes that it would be extremely difficult to obtain such an agreement on similarly favorable terms.

The Department of State considers that renewal of this arrangement for a full five-year term is in the interest of the United States, and that failure to do so would tend to be prejudicial to U.S. foreign policy objectives in Asia. The arrangement involves a secret Indian commitment to the U.S. Government. Such cooperation in itself is of some political importance, given India's posture in world affairs. The commitment is to supply an atomic energy material at world prices; this and other features of the arrangement have contributed to U.S.-Indian cooperation in the atomic energy field and to the maintenance of U.S. influence in Indian atomic energy developments. Furthermore, Embassy New Delhi has urged that there be taken into account the political impact of a U.S. withdrawal from the arrangement at a time when the USSR is increasing its economic influence in India and other countries of the area.² Finally, the renewal or non-renewal of the arrangement has Battle Act implications, and non-renewal would appear to be inconsistent with U.S. policy guiding the extremely difficult negotiations, now at long last virtually completed, covering U.S. purchase of India's exportable supplies of thorium compounds. The possibility of strategic exports by India to Communist countries, as in the case of thorium, could be substantially increased if the present arrangement is allowed to expire; such a development could gravely jeopardize U.S. relations with India.

² In telegram 558 from New Delhi, September 20, the Embassy urged that the beryl agreement be extended by one year. (*Ibid.*, Central Files, 891.2546/9-2055)

Although the Department of State does not presume to appraise the technical requirements of beryl, it must point out that if the U.S. future requirements dictate the desirability of a new arrangement for beryl, it will be extremely difficult if not impossible to obtain a new arrangement with India on similarly favorable terms.

The cost of renewing the contract should be manageable and is likely to continue to be modest in terms of the interest at stake. Deliveries have averaged about \$150,000 a year. (They constituted about one-third of all beryl procurement by the Government in Fiscal Year 1955 and are estimated to be one-half of such procurement in Fiscal Year 1956.) The annual cost under the Agreement, can theoretically, run to about \$1.3 million, but present information indicates that this contingency which involves substitution of beryllium hydroxide for beryl ore will continue to be hypothetical for several years.

Potentially, renewal of the contract might be funded by one of several means. The Office of Defense Mobilization could authorize the General Services Administration to procure beryl under the Defense Production Act³ for commercial distribution. Secondly, it might be possible under Section 401 of the Mutual Security Act of 1955⁴ to obtain authorization of funds at the President's discretion. Finally, confidential funds of the Department of State or other agencies might be utilized.

Conclusions:

1. Because of the very important foreign relations considerations, the U.S. Government should not act to terminate its existing beryl arrangement with India even though there appear to be continuing uncertainties in Washington that there is a technical need for the material, and difficulties in working out funding arrangements within this Government.

2. The OCB should agree that a funding arrangement will be made, and authorize the Department of State to permit now a renewal of the present arrangement for a period of five years beginning September 30, 1956.

3. The OCB should agree to arrange within the next twelve months the funding of the five-year renewal by an appropriate agency or agencies through the Defense Production Act, Section 401

³ For text of the Defense Production Act of 1950, see 64 Stat. 798, and for amendments to the Act in 1955, see 69 Stat. 580.

⁴ See P.L. 138, approved July 8, 1955 (69 Stat. 283). Section 401 created a Special Fund which the President could use to further the purposes of the Act without regard to the requirements of the Act so long as he determined it was important to U.S. security. Some of the sums were changed in 1955. For text of the Mutual Security Act of 1954, see 68 Stat. 833.

of the Mutual Security Act of 1955, or by the use of the confidential funds noted above.

Recommendation:

That the Board approve the foregoing conclusions, and take necessary action.⁵

⁵ At its meeting of September 21, the OCB decided not to renew the agreement. (Memorandum for the files by J. Bruce Hamilton, October 3; Department of State, Atomic Energy Files: Lot 57 D 688, India, Beryl 1955-57) Thus on September 28 the Embassy delivered Note No. 134 to the Indian Ministry of External Affairs conveying the U.S. decision to terminate the agreement on September 30, 1956. (Despatch 409 from New Delhi, October 4; *ibid.*, Central Files, 891.2546/10-455)

153. Memorandum of a Conversation, Department of State, Washington, November 18, 1955¹

SUBJECT

FY 1957 Economic Assistance to India

PARTICIPANTS

Mr. Murphy, G
Mr. Robertson, FE
Mr. Prochnow, E
Mr. Hill, U/MSA
Mr. Kalijarvi, E
Mr. Bennett, G
Mr. Smith, SOA

Mr. Murphy stated that he had called the meeting to discuss informally the proposal for FY 1957 economic assistance to India at the suggestion of Mr. Hoover, who believed that this question would be one of the most difficult in connection with the over-all FY 1957 program. Mr. Murphy, in this connection, read a letter from Mr. Nelson Rockefeller to President Eisenhower, with an accompanying memorandum from Mr. Rockefeller to Mr. Adams,² which

¹ Source: Department of State, Central Files, 891.00/11-1855. Secret. Drafted by Smith.

² Nelson A. Rockefeller, Special Assistant to the President and Chairman of the President's Advisory Committee on Government Organization, wrote the President on November 7 urging him to address a personal message to Nehru before the arrival of the Soviet leaders in India later that month. He recommended that the President state

(Continued)

stressed the importance to the U.S. of the present situation in India and recommended reconsideration of the proposed reduction in FY 1956 funds for India.³

Mr. Smith stated that it was the agreed position of the operating levels of State and ICA to recommend \$70 million in development assistance for India in FY 1957. India has adopted an ambitious Second Five Year Plan, which will result in a large financial gap and increased need for foreign assistance. Success of the Plan is of major importance politically to the Government. At the moment, the financial problems inherent in the Plan are resulting in conflict between moderate leaders in India who wish to pursue a conservative financial and political policy and radical elements who demand increased State control of the economy to assure success. A reduction in U.S. aid at this time would play into the hands of these radical elements and could set Indian economic policy on a more dangerously Socialistic path for the future. Further, a substantial Soviet economic penetration of India is now developing.⁴ Loss of U.S. economic support could well throw Indian leaders into dependence on Soviet aid for their Plan. The recommended level of \$70 million was consistent with the FY 1956 proposal and represented a judgment as to a minimum level for an effective U.S. program.

Mr. Kalijarvi and Mr. Prochnow said that E agreed with the recommended FY 1957 program. Mr. Kalijarvi thought that the U.S. should not make its decision on the basis of the often-times unfriendly or difficult statements of Mr. Nehru but on a cold assessment of U.S. interests. In the circumstances, he felt continuation of U.S. aid to India was definitely in U.S. interests.

Mr. Robertson stated that although he could not speak of Indian problems in detail, he did not believe we could buy support. In view of Mr. Nehru's consistent support of the Communist position and

(Continued)

that the United States had been proud to contribute to the advances India had achieved in agricultural development and was interested in helping to promote industrial growth over the next 5 years. (*Ibid.*, 033.6191/11-755) Adams referred Rockefeller's letter to Hoover on November 14. (*Ibid.*, 033.6191/11-1455) Hoover responded on the same day concurring in the conclusion of Department officers that the suggested Presidential message to Nehru would encourage him to believe that substantial amounts of aid would be forthcoming. If he then were to be disappointed, the effect on U.S.-Indian relations would be worse than if the matter had never been broached. Furthermore, any letter to Nehru avoiding pledges of U.S. cooperation was held likely to be dismissed as an obvious effort to counter the Soviet visit. (*Ibid.*)

³ According to a memorandum from Allen to Under Secretary Hoover, October 19, the Department and ICA had decided to reduce FY 1956 development assistance to India from \$50 million to \$40 million, in order to provide funds for a special contingency reserve. (*Ibid.*, 791.5-MSP/10-1955)

⁴ Aside from the commitment to build a steel plant, Soviet aid had been offered in the fields of oil exploration and diamond mining. (Telegram 912 from New Delhi, November 7; *ibid.*, 791.5-MSP/11-755)

his opposition to U.S. policy, Mr. Robertson felt that U.S. aid would only build up an unfriendly government. He suggested that we might get more results in India if we withhold aid and forced them to consider their position without it.

Mr. Hill referred to the current visit of Soviet leaders to India and suggested that decision be deferred until an assessment of the results of this visit could be made.

Mr. Murphy stated that this had been an informal and exploratory discussion of the problem. A further meeting would be held next week at which a recommendation on aid to India for Mr. Hoover could be decided.⁵ In the meantime, he suggested further thought be given to the issues raised.

⁵ The meeting, which took place on November 28, included a somewhat different group of participants. Murphy expressed the opinion of all present "that FY 1956 aid to India be reinstated at \$50 million, and that Congress be requested to appropriate \$70 million in FY 1957." (Memorandum of conversation by Smith, November 28; *ibid.*, 791.5-MSP/11-2855) In telegrams 1047 and 1233 from New Delhi, November 26 and December 20, respectively, Cooper strongly urged the reinstatement of the \$50 million sum. (*Ibid.*, 791.5-MSP/11-2655 and 12-2055)

154. Telegram From the Embassy in India to the Department of State¹

New Delhi, November 25, 1955—6 p.m.

1036. 1. Embassy's preliminary evaluation of effect of Bulganin, Khrushchev visit² on India and on US security is that it will represent a gain for Russians despite determination of Indian leaders to keep India independent and despite Indian leaders basic orientation toward Western Democracies. Along with their current drive into the Middle East and relentless pressure in Southeast Asia, Communist powers may well regard visit as another step toward total conquest of Asia, which would set stage for continuing their advance in Europe.

2. Embassy is losing no opportunity point out to responsible Indians folly of taking Russians at their word, and dangers inherent in giving visitors indiscriminate publicity build-up. At same time Embassy believes nothing is likely to help Russians more in their

¹ Source: Department of State, Central Files, 033.6191/11-2555. Confidential. Repeated to Moscow, London, Rangoon, and Kabul.

² Bulganin and Khrushchev arrived in India November 19.

current objectives in India than actions in Washington suggesting reduced interest in welfare of free Asian countries at very moment when Bulganin and Khrushchev are hinting broadly at increasing aid they are already providing, and openly challenging West to "compete for India's friendship."

3. Impressive numbers of Indians, including officials at highest levels have gone out of their way to ask Embassy officers not to read undue significance into hospitality extended to Russian visitors. Indians explain Nehru is determined show Russians democratic government can produce as magnificent a reception as their totalitarian regime did for him. Embassy convinced no Indians outside of CPI wish to subordinate selves to Russia or to any other country but GOI is determined make five-year plan succeed. Therefore in cases where Western friends have failed provide assistance requested for specific projects Indians have accepted help from Russia along with calculated risk of Russian political penetration.

4. Embassy considers it dangerous to attach undue significance to aspects Russian visit which might rebound to our advantage, such as apparent lack of enthusiasm among crowds welcoming visitors;³ violation of hospitality represented by attacks on Western powers; or theory that Bulganin's apparent approval of Nehru will make it difficult for CPI to attack Congress Party in future. Behavior of crowds in this case probably has little political significance. Bulganin's attack on military alliances, hypocritical as it was, paralleled GOI's professed policy in this field; and while Bulganin's visit may soft-pedal CPI attacks on Nehru, there is no reason believe CPI will not continue effort to destroy Congress Party—particularly on local issues throughout country.

5. It would be dangerous seek comfort in hope that Russians may promise aid which they will not deliver. Embassy assumes their understanding of India's importance in their global strategy is such that they will make prodigious effort make good on promises. Even though they offer help relatively modest gift at this time they will probably score impressive propaganda gain because they are presenting themselves to India as dynamic, cheerful, friendly, robustly self-confident, while Indians—on basis press reports, right or wrongly—are beginning to wonder whether Washington is inconsistent, cool, and wavering.

In 1946 this mission pointed out to Department the danger of expansion toward India of Communist power which is now consolidated along the Burmese, Indian, Nepalese and Kashmir borders—a

³ Telegram 105 from Madras, November 29, reported large and spirited receptions for the Soviet leaders in southern India. (Department of State, Central Files, 033.6191/11-2955)

line nearly 2,000 miles long. In 1956, Communist penetration of these territories, along with Afghanistan, has become a reality. GOI's relentless fight against Indian Communists has crushed a Communist rebellion in Telengana⁴ and has defeated the CPI in all its efforts to seize power through constitutional means. Meanwhile the US assistance program has gone far to demonstrate to Indians the advantages of living under a democratic form of government, and US experts are working in all parts of India and sitting in Central Government Ministries as advisers. Having observed success of our program Russians are offering same sort of help. If actions are taken in Washington which create vacuums in aid programs, the Russians will undoubtedly be only too glad to fill these. This will in turn reduce the chance of helping India to remain in the free world.

The Embassy earnestly hopes the Department will recognize fact that actions taken in Washington which convey impression that we have written off India as a bad risk—despite Indian leaders' recent efforts in Delhi, Washington and Singapore to show their desire for our friendship—Messrs. Bulganin and Khrushchev may well leave India with the feeling that their success has exceeded their fondest hopes.⁵

Cooper

⁴ Between 1948 and 1951 the Telegu-speaking section of Hyderabad known as Telengana was in armed revolt against the Indian Government resulting from Communist-incited direct action by the peasantry against local officials and landlords. Thousands of Communists were detained and the CPI was banned in four states.

⁵ Ambassador Mehta called at the Department of State December 1 to ascertain U.S. reaction to the visit of the Soviet leaders to India. Allen informed him that the United States did not care for the fact that the Soviets had used public platforms while official guests of the Indian Government to attack the United States. (Telegram 1335 to New Delhi, December 2; Department of State, Central Files, 033.6191/12-2555)

155. **Instruction From the Department of State to the
Diplomatic and Consular Offices in India**¹

CA-5444

Washington, January 20, 1956.

SUBJECT

Semi-Annual Review of United States-Indian Relations, May 15-
November 15, 1955

This report is intended to identify recent trends in United States-Indian relations and to judge their significance in the light of our objectives with regard to India. The Department would welcome any comments designed to correct or improve the analysis and evaluation. Any comments should be airmailed as soon as possible, marked "For Distribution in the Department Only".

Summary:

The atmosphere of U.S.-Indian relations improved during the period under review. Nehru's criticisms of U.S. collective security policies were less emotional than in other recent periods, and the Indian press moderated itself accordingly. Main reasons for this trend were probably the easing of cold war tensions and a wider recognition within India of President Eisenhower's earnest desire for world peace. On the whole, purely bilateral U.S.-Indian relations also improved during the period, owing to efforts on both sides to emphasize the common ground in our objectives. These trends did not however indicate any marked rapprochement on the major points at issue—international Communism and colonialism—and were accompanied by trends towards closer relations between India and the Soviet Union in many fields. Whether United States objectives with respect to India moved any closer to being fulfilled remained an open, but perhaps more realistic, question.

Within India, the States Reorganization Commission report was an important development. The Congress Party apparently strengthened itself, particularly in relation to the non-Communist left. The Communist party may also have gained, on the whole, from the Soviet Union's expressions of admiration for the Government of India. The Indian economy continued to expand steadily and Indian officials weighed ambitious new targets for India's future economic progress. These developments did not radically alter the context of

¹ Source: Department of State, Central Files, 611.91/1-2056. Secret. Extracts. Sent to Bombay, Calcutta, Madras, and New Delhi; repeated to Colombo, Dacca, Karachi, and Lahore. The sections not printed concern India's relations with nations other than the United States and the Soviet Union, India's interest in U.S. relationships with other Asian countries, and a discussion of domestic developments.

United States objectives with regard to India, but they did underline the strength and appeal of the Nehru government and our continued need to support it as the only strong, stable and responsible government in sight in India today.

International Relations:

A more favorable Indian attitude towards the United States was evidenced, during the half year under review, by the absence of any outburst of criticism of American foreign policy by Nehru comparable to his caustic attacks of last March 31 or of September 30 previously. A similar change in Krishna Menon's behavior was notable, though attributable in part to ulterior motives. Indian press and public opinion seemed to register a similar shift, to a position of less distrust of American policy, and sometimes open praise.

It appeared possible that these changes in the Indian attitude were the results of a deliberate decision on Nehru's part. He may have wished to counterbalance some of the several top-level exchanges of visits and joint declarations with Communist countries over the last year. However, the basic reasons for the change probably were the thawing of the cold war and a greater appreciation of United States efforts for world peace.

The general easing of cold war tensions, which began near the close of the last period under review, culminated in the Geneva "Summit Meeting" in July. Nehru, and the Indian press and public generally, gave the major credit to President Eisenhower for the "success" of the conference and the emerging "spirit of Geneva". This was a notable shift of Indian attitude toward United States policy in the cold war, but it remained to a large extent an accolade to the President personally. Subsequently, when the President suffered his heart attack,² the spontaneous and apparently genuine concern expressed by Indians of all levels, from Nehru on down through the editors of "Blitz", was also a tribute to American leadership in easing international tensions. The unfruitfulness of the second Geneva meeting, between the Big Four Foreign Ministers, did not greatly alter the Indian estimate of the cold war situation. By and large the Indian press found it not as difficult to approach objectivity in discussing European as distinct from Asian security

² September 23, 1955.

problems, and the "Times of India" was outstanding in this department.

Bilateral political developments in U.S.-Indian relations were predominantly favorable during the period. Nehru invited the President to visit India, and though the President indicated he probably could not accept he asked Nehru to visit the United States next May or June. (Nehru has not yet formally replied.) In each instance the tone of the correspondence was most cordial. Ambassador Cooper established himself in the confidence and respect of Nehru and the Indian press, and toured through each of the major regions of India giving talks which were well received and very widely publicized. General Maxwell Taylor was courteously greeted in New Delhi; General Shrinagesh,³ Chief of the Army Staff, paid a successful visit to the United States; and the Indian Army asked to send two officers to the U.S. for staff training. The United States pavilion at the Delhi Industries Fair was highly impressive and attractive, and an American trade promotion team met with great interest throughout India. Our regular information and exchange of persons programs continued to operate with success, and with assurance of a number of new personnel positions for cultural and exhibits work. The PL 48 (Wheat Loan) program settled into established channels of activity; by and large it has come to supplement Indian resources in the field of higher education, and so receives relatively little publicity on its American financing.

The primary adverse factor in bilateral U.S.-Indian political relations was the outstanding request of the Government of India for the closing of our USIS outposts. Though the request was repeated again during the period, the fact that it was not pressed raised some hope that it would eventually be dropped.⁴ Other adverse factors were the decision of the GOI to refuse requests from Embassy New Delhi to lease a teletype circuit to Karachi and from the *New York Times* to publish a special edition in India; the incident at the Houston airport when Ambassador Mehta was apparently subjected to racial discrimination;⁵ and probably the MRA tour, with subsi-

³ Satyavant Mallannah Shrinagesh.

⁴ Cooper met with Nehru on December 30, 1955, when the latter gave the impression he intended to close USIS subposts. He maintained it was Indian policy to limit foreign information centers to Embassy and Consulate cities. Until the matter was finally settled, he requested that the subposts function only as libraries. (Telegram 1417 from New Delhi, January 10, 1956; Department of State, Central Files, 611.91/1-1056)

⁵ Documentation on this subject is *ibid.*, 601.9111.

dized U.S. Air Force transportation, showing the play entitled "The Vanishing Island".

Prospective U.S.-Indian economic ties showed some tendency to weaken during the period under review. The Administration requested \$19.5 million for technical assistance to India, Congress appropriated \$15 million and that total was cut by Executive action to \$10 million (a one-third decrease from last year's total). The Administration requested \$70 million for developmental aid to India, the House cut it to \$60 million, the Senate to \$50 million and the Executive Branch tentatively to \$40 million (well below the level of aid for fiscal years 1954 and 1955). These reductions were not criticized by the GOI but undoubtedly caused disappointment, particularly because of India's accelerating development program and the widened gap envisioned in India's Second Five Year Plan. Moreover, the Budget Bureau took the tentative position that it was the intent of Congress to substitute PL 480 (agricultural surplus) assistance for regular development aid during FY 1956. This action suggested the possibility that India might receive no development assistance from the United States this fiscal year at all. It was certain that the GOI itself could hardly acknowledge a PL 480 arrangement as an adequate substitute for developmental aid, and would consider the elimination of regular developmental aid as a major reversal of United States attitude towards India.

Ironically, while these developments tended to cast doubt upon the future of our established economic aid programs, there were many indications of greater Indian acceptance of the value of economic cooperation with the United States. High Indian officials expressed more than usual appreciation of American economic aid (notably at the Colombo Plan Council meeting at Singapore), took the initiative in securing the cooperation of Colombo Plan countries for the U.S. Fund for Asian Economic Development, asked for a large number of additional American technicians to work in India, and suggested joint U.S.-Indian economic assistance to Nepal to minimize Communist China's potential economic and political influence in that country. Other favorable developments were Tata's increasingly favorable attitude toward U.S. equipment for its steel-mill expansion plan; the arrival of two top American economists to work with the Planning Commission on the Second Five Year Plan; a U.S.-Indian accord on a special flood relief grant from the U.S. of 20,000 tons of food grains; the conclusion of a satisfactory arrangement for the export of rhesus monkeys to the U.S.; progress towards the conclusion of an investment guarantee agreement and of a thorium nitrate sales contract; and earnest negotiations looking to a

new civil air agreement.⁶ On the other hand conditions for American private investment in India did not improve during the period. The Indian Companies Law imposed new restrictions on the operations of foreign private capital in India, and the GOI arbitrarily ordered a price reduction on rubber tires, largely produced by American subsidiaries in India. Moreover there continued to be slow-downs by dock workers at Bombay and Calcutta, Indian labor unions instituted a boycott of ships touching at Goa, and the GOI challenged the action of an American-owned oil company incorporated in India in refusing to bunker a ship bound for Communist China.

The appreciable improvement in the climate of U.S.-Indian relations over the past half year was equalled if not surpassed by developing closer relations between India and the Soviet Union and its satellites. Nehru received a uniquely warm reception in Moscow and signed a joint communiqué with Bulganin calling for strengthened relations between their two countries in the economic and cultural fields as well as in scientific and technical research. Arrangements for the Indo-Soviet steel mill project proceeded apace and Soviet assistance was also proffered in the fields of atomic energy, non-ferrous metals industries, coal mining and oil exploration. Some similar offers were reportedly forthcoming from Czechoslovakia, Rumania, Poland and East Germany. In addition, India and the U.S.S.R. agreed to a civil airline connection at Prague, and reportedly negotiated for a more direct through route via Tashkent. These moves were in harmony with the Indian concept of "peaceful coexistence" and cooperation, but of course did not portend a departure from the GOI's basic cold war policy of non-alignment, or its domestic policy of anti-Communism. Perhaps to emphasize this, Nehru stated publicly on the eve of his departure for Moscow: "The functioning of the Cominform⁷ is an interference in other countries' affairs and is not compatible with the policy of non-interference" (one of the Five Principles of Peaceful Coexistence).⁸ It was also significant that many Indian newspapers expressed disappointment

⁶ The United States and India signed an air transport agreement on February 3, 1955. For text, see TIAS 3504; 7 UST 275.

⁷ The Cominform or Communist Information Bureau existed between September 1947 and April 1956 and involved the Soviet Union, its satellites, and the Communist Parties of Italy and France. It functioned as a kind of coordinating agency for international Communism.

⁸ The other four principles, which China and India propounded on April 29, 1954, were as follows: "Mutual respect for each other's territorial integrity and sovereignty; Mutual non-aggression; Equality and mutual benefit; and Peaceful Co-existence." The *Panch Shila* was incorporated in the preamble to an agreement on Tibet. See *Foreign Policy of India: Texts of Documents: 1947-64* (New Delhi, Lok Sabha Secretariat, 1966), p. 199.

that Nehru's trip had not resulted in a disbandment of the Cominform by the Soviets, that a number of recent Indian visitors reported unfavorable impressions of the Soviet Union, and that Nehru himself was relatively uncommunicative about his tour on his return to India.

Feeling in India on the Goa question rose to a new high following the August 15 satyagraha marches which raised the total of Indian "martyrs" to 18. Riots and demonstrations occurred in all of the major cities in India. Nehru however refused to sanction GOI or Congress support for further mass action and on September 6 declared that both individual and mass satyagrahas were "undesirable". Subsequently the Government of Bombay by and large prevented Indian satyagrahas from crossing the border. In the first official U.S. statement on the Goa dispute, the Secretary on August 2 expressed the hope that both sides would avoid violence. The statement was so couched as to be relatively well received in India and somewhat disappointing to the Portuguese, at whose suggestion it had been made.⁹

Dulles

⁹ For text, see Department of State *Bulletin*, August 15, 1955, p. 263.

156. Memorandum of Conversations Between Secretary of State Dulles and Prime Minister Nehru, Prime Minister's Residence, New Delhi, March 9, 1956, 4 p.m. and March 10, 1956, 10:30 a.m.¹

PST/MC/1/2

We discussed the evolution in Russia. Mr. Nehru felt that on the basis of his observations there was a very great change going on. There was more tolerance, greater education and the people were

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Dulles on March 10. Dulles came to New Delhi on March 9 directly from Karachi, where he had attended a SEATO meeting. A somewhat different version of this conversation, also prepared by Dulles, is *ibid.*, Central Files, 791.13/3-1056.

becoming technically minded. He said a copy of his book had been translated and was now widely circulated in Russia. This illustrated the increasing opening up of Russia to new ideas. He believed that their desire to increase their domain had diminished and indeed had expired. The development was like that in France where the violent and bloody revolution gradually subsided into nationalism and acceptance of normal relations. He thought that the Chinese, although inherently less aggressive than the Russians, were as yet more aggressive because of their greater nearness to their revolution.

He thought we were making a great mistake in not recognizing Communist China. It was a fact and it was better to recognize it voluntarily when we had a choice than to do so later on more or less under compulsion. He spoke of Taiwan and felt that a solution of Taiwan might very well be deferred for a good many years, but he said the offshore-island business was another matter. We could not stand getting shot at every day from across straits of only a few miles in width.

He discussed his attitude toward collective security arrangements. He said he recognized that NATO might have been born of a real necessity. He doubted the genuine security value of any of the Asian arrangements. He bitterly deplored SEATO and Baghdad, which he felt Pakistan had entered not for security against the Soviet Communists but in order to get strength to use against India. He felt that the Pakistanis were a martial people and a fanatical people who could readily attack India. The present government might not have that intention, but the situation was unstable and governments could readily change. He deplored the fact that United States armament of Pakistan was leading India to arm and to make large expenditures for defense when it wanted to concentrate its efforts on improving its economic and social condition. (In this discussion of Pakistan with which he dealt at length, he showed signs of strong emotion.)

We discussed the situation in the Near East. Mr. Nehru bitterly condemned the British policy which he said was doomed to failure.

He felt that there was a failure on the part of the Western leaders really to appreciate the evolution that was going on in Asia. We were still dealing with potentates who represented the old regime, and that was doomed. It was necessary to get en rapport with the new spirit. Pakistan, Iraq and so forth were still feudal communities. He defended Egypt taking arms from the Soviet Union on the ground that it could not get them elsewhere.

In answer to my description of our policy toward colonialism, Mr. Nehru said that he recognized that our ties with Britain, France and so forth were such that we could not openly break with them. However, he, Nehru, had to identify himself with the new move-

ment of the peoples of Asia. He felt the same way toward Africa, but was not as active there because that was really beyond the area of his responsibility.

(The conversation was intimate and animated and informal. We sat and walked at various places in the room and at the end Nehru was sitting on the back of the sofa.)

The conversation was resumed with Mr. Nehru attacking Pakistan with great emotion as being a military state run by the Army. He described the border incidents around Kashmir. He renewed his attack on SEATO as essentially involving an alliance with Pakistan against India. I said, "Why don't you join SEATO?" He looked somewhat startled and said I could hardly expect him to join an organization of which he morally disapproved and which he thought mischievous. I said he might be able to change its character if he were a member.

He spoke of the necessity of India raising its level of forces much as he had done the day before.

In connection with the talk about Goa where he repeated the well-known Indian line, he said that he felt that he might have to publicize our diplomatic correspondence,² and asked my permission. I said obviously I could not refuse permission, but I did not think it would help our relations to have this correspondence published. I might ask Ambassador Cooper to speak to him further about this phase of the matter.

John Foster Dulles³

² Documentation is *ibid.*, 753D.00.

³ Printed from a copy which bears this typed signature.

157. Telegram From the Secretary of State to the Department of State¹

Colombo, March 11, 1956—6 p.m.

Dulte 20. Eyes only Acting Secretary from Secretary for President.

¹ Source: Department of State, Central Files, 110.11-DU/3-1156. Secret.

Dear Mr. President:

I arrived at Ceylon this morning and it cheered me to receive your message.² It is difficult in the course of these trips to give much continuous thinking to problems other than those in the immediate area, but I cannot wholly dismiss from my mind the critical situation in the Near East and I am glad if my "thinking-aloud" message³ fitted in with your own thoughts. Of course all of these matters require careful staffing which I cannot supply here.

I had a most interesting, and I think rather significant two-day meeting in India. Most of the time I spent with Nehru. He had completely cleared his calendar for the two days of my visit. The first day we had three and one-half hours together just the two of us, in a most intimate way. I was amused that toward the end of the conference he was sitting on the back of the sofa with his feet on the seat. We really took our hair down. Then we met again for nearly two hours yesterday, and I had several intermediate talks with him at various social functions.⁴

The one distinct impression that I gained is their almost pathological fear of Pakistan. I, of course, knew they did not like our alliance with, and armament program for, Pakistan, but I never appreciated before the full depth of their feeling. I had assumed that India with its far greater population and economic strength would feel relatively immune from any serious threat. However, they feel that Pakistan, or at least West Pakistan, is essentially a military state, largely run by the Army, that they are a martial people, that they are fanatically dedicated to Islam and may develop the urge to attack India or at least to try to take Kashmir or parts of it by force. Their fear is I think accentuated by somewhat of a guilty conscience in that they have themselves in effect taken over Kashmir by force and ignore the UN requirement of a plebiscite. There are border incidents and the whole position bears an unhappy resemblance to the Israeli-Egyptian situation.

I do not think we can alter our Pakistan relationship which is of great value, but I do think that we must try to handle it in ways which will give maximum assurance to India that our military aid will only be used for purely defensive purposes.

Nehru appreciated your invitation to him. He made no positive reply because his schedule is tight for he has elections of his own coming up in the fall and his Parliament will be in session until almost the date of the Commonwealth conference. However, my strong hunch is he will accept.

² Tedul 27 to Colombo, March 10. (*Ibid.*, 110.11-DU/3-1056)

³ Dulte 14 from Karachi, March 8. (*Ibid.*, Conference Files: Lot 62 D 181, CF 663)

⁴ See Document 156.

Our own talk was of such an intimate character that I think he would like to have something of the same character with you running two or three days.

One most disturbing fact is that they are thinking of buying some military planes, I think IL-28 types, from the Russians. I had already been told by Selwyn Lloyd⁵ that this was a possibility, and he indicated that if these planes with Russian technicians were coming, then he was dubious whether they should sell the Canberras with special equipment.

Nehru led up to this subject with obvious caution and gave quite a story as to the background trying to make it appear as innocent as possible. I told him as a first reaction that I could only tell him frankly that I felt it would greatly vex our relations.

Last night at dinner I told him that ever since he had first mentioned the subject to me, I had been worrying about it, and that I felt I ought to tell him before leaving that I thought the consequences would be very bad indeed. I said to him, "Why do you do this? You can buy planes from the British. You can buy planes from us. I cannot see why you should buy planes from the Russians knowing that it would make it almost impossible for US to carry on its efforts assist you materially in your second five year plan. That will be hard enough anyway, and this arms deal with Russia, I feel, would make it impossible. I know you will not change your attitude because of foreign pressure and I do not mention the subject in that spirit. I do think that you ought to know what are the probable consequences and then you yourself can judge what is the best course for India."⁶

I had a long and somewhat difficult press conference, which I accepted with some considerable misgivings but on the strong advice of John Cooper. Several hundred people were there, and the questioning was dominated by Communist and strongly anti-American elements of the press who repeatedly tried to trap me with loaded questions. However, I think on the whole the conference justified itself, and the general impression that I got, up to my midnight hour

⁵ British Secretary of State for Foreign Affairs.

⁶ In order to conclude the sale of the Canberra bombers, the British were willing to take a financial loss and divert production intended for the Royal Air Force. Nehru, however, still thought the British price too high and the projected schedule of delivery too slow. Earlier, the British had gained U.S. approval to sell the planes to the Indians with specialized bombing equipment. The Indians, however, sought a still-classified 1,000-lb. low-drag bomb, which was intended for supersonic and not subsonic aircraft such as the Canberra. Moreover, it was an external bomb while the Canberras were fitted for conventional internal bombs. The United States was not prepared to sanction its release at this time to the Indians though the British believed it would be the final sweetener. Documentation on this subject is in Department of State, Central Files 791.5622, 791.56, and 396.1.

of departure was, that on balance it had been productive. The very fact of exposing myself in this way was, I think, regarded as evidence of the integrity of our purposes.⁷

Faithfully yours

Foster.

Dulles

⁷ In a letter to Dulles, dated April 14, Cooper asserted that the Secretary's visit had "produced positive results," and that the press conference had been a success. He disclosed that when Pillai informed him of India's decision to buy British planes he referred to the Secretary's conversation with Nehru. (*Ibid.*, 110.11-DU/4-1456)

158. Paper Prepared in the Embassy in India¹

New Delhi, March 13, 1956.

A FEASIBLE PROGRAM OF U.S. ECONOMIC ASSISTANCE FOR INDIA

I. U.S. Foreign Economic Policy Considerations

India is now moving into its Second Five Year Plan with a planned public and private expenditure double that of the First Five Year Plan which is just ending. The Second Five Year Plan will shift emphasis to industrialization.

India's success in the First Five Year Plan and its needs, combined with its willingness to sacrifice under the Second Five Year Plan in order to build the economic base for the maintenance of independence and democracy, dictate at this time a thorough re-evaluation of U.S. aid programs and policy in India. This re-evaluation of U.S. aid policy must take into account the forceful new communist program of economic penetration. The Soviets stress aid and trade and on every political and economic occasion are taking some pains (with improving tact and ability) to pose as the protector of under-developed Asia's interest against the more-developed, capitalist West.

¹ Source: Department of State, Central Files, 791.5-MSP/3-1356. Secret. No drafting information is given on the source text. Attached to a letter from Cooper to Dulles dated March 13, in which the Ambassador indicated that when he had been in Washington he had promised Sherman Adams a summary of his views concerning the U.S. aid program in India for the President. If the summary met with the Secretary's approval, Cooper requested Dulles to pass the paper to Adams.

U.S. interests dictate continuing close correlation of our U.S. foreign economic policy with personalized diplomacy in the strict political sense.

Even though India does not agree with the United States on all major aspects of foreign policy (and for that matter on all aspects of internal economic policy) India is a democratic country and is the largest free country in Asia. It has a great natural resource base in coal, iron and strategic minerals. It is in competition with Communist China in the sense of demonstrating the superior capacity of democracy in Asia for economic achievement for the people. The Soviets—thanks in large part to the success of U.S. policy—are now attempting economic penetration ostensibly on the basis of concern for the economic welfare of these under-developed countries. The Soviet move is an attempt to undermine the West in Asia and to place the United States in a position antithetical to that of the under-developed countries of Asia.

It is in the immediate and long-range interest of the United States to aid India in sufficient amounts to make India's own economic efforts cumulatively successful. Such aid will be helpful in the political-economic sense of re-affirming our continuing interest in under-developed India as a democratic country. It will reaffirm also our sympathetic interest in the welfare of the people of Asia in addition to our concern with military defense against communist aggression.

II. Indian Need for Aid

India's Second Five Year Plan calls for investment of 71 billion rupees (\$14.9 billion, of which about \$10 billion is in the public sector and \$4.9 billion is in selected parts of the private sector). This is an ambitious plan to raise national income by 25 percent over a period of 5 years.

India's Second Five Year Plan anticipates expenditures of 48 billion rupees in the public sector. One of the primary concerns of India (a politico-economic concern) is that of unemployment and under-employment. Although it will produce some eight million jobs, the Second Five Year Plan is not expected to produce direct employment opportunities equal to the increase in the labor force.

The resources pattern also shows some weakness. In brief, of the 48 billion rupees planned for the public sector, one-fourth is expected to come from increased Government revenues (seemingly a rather optimistic assumption), one-fourth from borrowings from the public, one-fourth from printing-press money, and one-fourth is unforeseen except through foreign aid. The estimated gap, therefore, is 12 billion rupees or about \$2.5 billion. In terms of India's need

under its greatly-increased Plan expenditures, attention must be given to inflationary impacts and the needs of consumers within a democratic system. India, therefore, will have great need for consumer goods such as our surplus agricultural commodities in the context of the total needs under the Plan.

There is grave danger of a serious short-fall in resources for the Plan not only in the above-mentioned internal accounts but also from the standpoint of foreign exchange needed for the Plan. The Indian Government estimates that about 1.7 billion dollars in foreign exchange will remain after allowing for all foreign exchange resources at its command, including the drawing-down of its sterling balances. Indian estimates of assistance from the IBRD, the Colombo Plan (other than the U.S.) and Soviet assistance for the steel plant would reduce the gap to somewhat less than 1.4 billion dollars. It is our considered opinion that with a great effort by India and cooperation from the IBRD and other countries, the net foreign exchange gap could be reduced to approximately 1.1 billion dollars.

In connection with the physical execution as well as the foreign exchange requirements of the Plan, India will require imports of 5 million tons of steel. Steel is in short supply throughout the world; steel prices are continuing to rise. Thus India faces a problem of physical acquisition as well as a problem of foreign exchange requirements in excess of its present Plan estimates.

III. A Feasible Program of U.S. Aid

A. The U.S. View—A Business-like Approach

1. U.S. aid to India in the quantity and form required to further U.S. objectives can be accomplished without any substantial increase in the annual level of aid authorized by the Congress under the Mutual Security Program. This can be done under a five-year authority (or an expression of Congressional intent) at approximately the current authorized level of Mutual Security aid, combined with Executive Branch use of existing authority under other legislation.

2. An integrated program of aid to India, covering a period of up to 5 years, would undoubtedly make possible:

(a) Sales of U.S. surplus agricultural commodities—particularly wheat—in the amount of some \$300 million over a period of 3 to 5 years (an amount which compares favorably with total PL 480 sales to the entire world to date).

(b) Substantial dollar repayment by India of aid loans as opposed to repayment in rupees under present loans.

(c) The achievement of the greatest possible political and economic impact from our aid, by the size of the integrated aid program and by use of a part of such aid for sound, larger-scale projects of popular appeal, requiring expenditures over a period of up to 5 years in politically important areas.

B. *The Program*

In the U.S. interest a program of aiding India in substantial achievement of its Second Five Year Plan must, in the current situation, be handled as an entity with recognition of the need for larger-scale impact projects of popular appeal and the need for planning expenditure over the Plan period.

An effective program does not mean that the U.S. should underwrite the entirety of any gap in India's Plan. A certain amount of gap should be left for stimulation of greater effort by India—both internally and externally. U.S. aid, however, should take into consideration not only the foreign exchange need but also the internal financial requirements of India along with the political-economic factors involved in possible inflation. While the total residual gap in India's resources is some 2.0 billion dollars, the estimated foreign exchange gap, as indicated above, may be in the order of 1.1 billion dollars. For purposes of analysis and consideration of U.S. aid these two figures are individually pertinent, but shortcomings on one part of the Plan may condition ability to develop resources on the other.

In this context the U.S. should consider a total program over a period of up to 5 years, for some 500 millions of dollars in Economic Development (foreign exchange) Assistance and a minimum sale of 300 million dollars in surplus agricultural commodities to India:

1. The FY 1956 Development Assistance authorized by the Congress is \$70 million. \$50 million were appropriated (in addition to the \$10 million allocation for technical assistance to India). In a previous year such U.S. aid has been about \$85 million. Annual Development Assistance of \$75 million over a five-year period would be consistent with the past action of the Congress. The 25 million dollar increase over the current *appropriations* for development aid to India can also be justified in terms of the full dollar repayment in that amount. This 75 million dollars annually would total 375 million dollars over a five-year period. In addition to this amount, the U.S. could help India in its foreign exchange requirements for the Plan, by granting (upon request) a long-term moratorium on India's repayment in kind of the U.S. Lend Lease silver (some 120 million dollars) due next year.² This silver is not now used as currency backing. The moratorium would enable India to draw down an equivalent amount of its own foreign exchange now necessary for currency backing. Technical assistance would continue on a grant basis at \$10 million per year.

² Under Secretary of the Treasury W. Randolph Burgess wrote to Hoover on March 30 to express the view of the Department of the Treasury that it would be a mistake to interfere with the scheduled Indian silver repayment. He stressed that such an action might have unfortunate consequences in influencing the decisions of other debtor nations. (*Ibid.*, 891.00/3-3056)

In connection with the Development Assistance program several pertinent aspects warrant particular attention:

(a) The present programs include a small proportion of U.S. surplus agricultural commodities under Section 402 of the Act. The higher cost of these U.S. commodities over world market prices now requires a grant to cover that differential cost. The Development Assistance program in India could be 100 percent loan if it were possible for surplus commodities to be handled only under PL 480.

(b) It should be a long term program as anticipated in statements to the Congress by the President and the Secretary. This continuity is desirable for purposes of planning for optimum use of the country's own resources as well as for political impact and provision for continuance of longer range "impact" projects undertaken in any one year. This continuity might be provided either by specific wording in the legislation, giving the executive branch such authority, or by joint resolution expressing Congressional intent with annual appropriations to follow.

(c) The projects in the program should fit into India's Five Year Plan either as specific projects or with regard to achievement of Plan production goals.

(d) A certain part of this long range program of Development Assistance should now shift to impact projects. Such projects will require expenditures over a period of years on the construction of integrated facilities which will bear the U.S. "label" and have popular appeal in India as well as long range political benefits from the U.S. viewpoint. The Neyveli lignite-power-fertilizer project in South India is one project which meets this requirement from both the political and economic standpoint.

(e) India has a great need for assured supplies of steel for its own development program over the next five years. India's steel problem is one of price as well as certainty of delivery to meet its additional needs of approximately one million tons for the next five years. U.S. steel of common types lands in India at approximately \$150 per ton. The lowest world market price brings steel to India at approximately \$120 per ton. India's problem in view of its foreign exchange shortage (even on the basis of \$120 per ton for Five Year planned steel imports) indicates the advisability of some assistance to India.

India may be able to meet some 3 million tons of its 5 million ton requirement, from the Soviet Union as well as other sources. (The Soviets are selling to India at lowest world market prices.) As much as 25 percent of past U.S. Development Assistance programs for India have been in the form of steel. Under the proposed 5-year program, the U.S. might undertake to supply up to 1.5 million tons—either by purchase under Development Assistance or through triangular arrangements with third countries under PL 480. In the latter case (PL 480), India's repayment of the loan would be in dollars.

(f) Part of the technical assistance for India, under the integrated program, should be used in a coordinated manner on the above-mentioned, large-scale projects. This is necessary in connection with the shift to industrialization, India's need for technical training and,

incidentally, the Soviet emphasis on technical "infiltration" which is designed to undermine Western politico-economic interests in India.

(g) In addition to the Development Assistance noted in 1. above, the U.S. must allow for sound economic projects with great economic impact and popular appeal, and which fit into regional programs of development under the President's fund for regional development.

2. The U.S. can sell more than 300 million dollars worth of surplus agricultural commodities to India over the next three years under PL 480. At a minimum India will take 3.5 million tons of wheat—a matter of prime importance to the U.S. at this time. The size of this U.S. surplus agricultural commodity program could equal the total PL 480 program in all the rest of the world. In brief, this PL 480 program:

(a) Will require a waiver of certain PL 480 requirements for dollar appropriations to cover grants of rupees to India from the rupee sales receipts. This waiver is permitted by the law. The grant is necessary to cover the differential (higher) price of U.S. commodities as compared with other free-world suppliers of agricultural commodities. Most of the rupees received from the "competitive price" sales to India will be loaned to meet the rupee costs of development and will be repaid to the U.S. on a long-term loan basis; the remainder of the rupees will be used for U.S. purposes, including purchases of materials for the U.S. supplemental stockpile.

(b) The commodities are needed in India to counter the inflationary trends which will be engendered by the greatly-increased expenditures and deficit financing under the Plan.

(c) The Plan will increase consumption of such commodities in India and so permits a large PL 480 program which will not harm the normal markets of other friendly countries.

(d) This PL 480 aid will help India meet its internal financial gap (by a U.S. loan of the rupees) and enable India to draw down the maximum of its foreign exchange holdings without fear of emergency foreign exchange drains due to food imports in bad crop years.

3. For maximum effect and in order to gain the best terms possible for the U.S. under this loan-aid program, the combined programs of "internal" and "external" aid should be negotiated as a whole, and at a very high level in the Indian Government. This will facilitate the sale of an optimum amount of U.S. surplus agricultural commodities under the most favorable terms possible, along with

maximum amount of aid repayment in dollars (as opposed to local currency repayment).³

³ George V. Allen addressed a memorandum to the Secretary on April 24 noting the numerous questions of detail and policy raised by Cooper's proposals, and urging him to approve the creation of an ad hoc committee at the Assistant Secretary level to address the matter. (*Ibid.*, 791.5-MSP/4-2456) Dulles approved the recommendation and informed Ambassador Cooper on April 30 that Deputy Under Secretary Prochnow had been selected to head the committee, which would determine the feasibility of the proposals. He also noted that a copy of Cooper's paper and the covering letter were sent to Adams on March 24. (*Ibid.*, 891.00/4-3056)

159. Summary Minutes of a Meeting of the Ad Hoc Committee on Ambassador Cooper's India Aid Proposals, Department of State, Washington, May 3, 1956¹

PARTICIPANTS

E—Mr. Prochnow (Chairman)
Ambassador Cooper
NEA—Mr. Allen
SOA—Mr. Jones
SOA—Mr. Smith
ICA—Dr. FitzGerald
ICA—Mr. Ferris
U/MSA—Mr. Barnes
U/MSA—Mr. Horn
H—Mr. Claxton
S/P—Mr. Trezise²
OFD—Mr. Corbett
ED—Mr. Springsteen

The meeting considered Ambassador Cooper's three proposals regarding U.S. aid to India:³ (1) assurances of continued U.S. aid for a three to five year period; (2) a moratorium on the repayment in

¹ Source: Department of State, Central Files, 791.5-MSP/5-1156. Secret. Drafted by George Springsteen of the Economic Development Division of the Office of International Financial and Development Affairs on May 8. Attached to a memorandum from Prochnow to Hoover dated May 11.

² Philip H. Trezise, who represented Bowie at the meeting, reported to the latter in a memorandum of May 8 that a "wet blanket" had been thrown on each of Cooper's proposals. The Ambassador was said to have maintained that his real concern was the P.L. 480 program. Trezise added that Philander P. Claxton, Special Assistant to the Assistant Secretary of State for Congressional Relations, had commented that India would have no trouble securing a substantial long-term loan if only Nehru expressed gratitude for past U.S. aid. (*Ibid.*, S/P Files: Lot 66 D 487)

³ *Supra.*

kind of 226 million ounces of silver lend-leased to India during World War II; and (3) a long-term PL 480 program for India.

After extended discussion on these three points, the following decisions were reached.

(1) *Continuity of aid*: It was agreed that the question of assuring continuity of aid programs (as opposed to projects, for which authority is now being sought) was a broad one involving countries other than just India and might be achieved through a general legislative request without specifying any one country. It was not deemed advisable at this time, however, to seek such legislative authority for assuring such continuity.

(2) *Moratorium on Lend-Lease Silver Debt*: Treasury opposition to this proposal, together with other problems such a moratorium (e.g. consultations with Congressional Committees, U.K. attitude, Pakistan's share of the debt, legislative action by India, etc.) would raise were noted. It was agreed that the Department would proceed to formulate its position on this matter. It was also agreed that Ambassador Cooper might talk to Treasury on the problem in order to outline his views and his understanding of the Indian attitude (pursuant to his conversations with Finance Minister Deshmukh⁴) [on?] this matter.

(3) *PL 480*: It was agreed that additional funding authority should be sought in order to undertake additional programs including India. It was pointed out that the Indian PL 480 program may involve problems for U.S. relations with other countries (e.g. normal marketings, etc.). It was agreed that the preparations of the negotiating instructions would provide the means for resolving these problems.⁵

The meeting adjourned, subject to call by the Chairman.

⁴ Chintaman Dwarkanath Deshmukh.

⁵ The United States and India signed a P.L. 480 agreement on August 29 which covered 3 years and involved the sale of surplus U.S. agricultural commodities with an export market value of \$360.1 million. The transaction included dairy products, skim milk powder, wheat, cotton, tobacco, and for the initial year, rice. Eighty percent of the local currency proceeds derived from the sales was to be made available to the Indian Government; 65 percent being a loan and the rest a grant. These funds were intended for India's second Five Year Plan. The other 20 percent the United States could employ for its own needs in India.

160. Telegram From the Embassy in India to the Department of State¹

New Delhi, December 7, 1956—9 p.m.

1599. Views and recommendations expressed herein represent coordinated beliefs of Senator Cooper and Embassy re President's talks with Nehru.² Senator Cooper's illness has thus far prevented him exploring Nehru's thinking more than superficially but he will talk further with Nehru before returning.³ Briefing books covering political and economic factors pouched December 8 and will also be hand-carried by Senator Cooper. Following submitted as précis our thinking to assist in briefing the President.

Overall objective. External and internal events of past few months affecting Indo-American relations, and offering opportunities to [for?] clarifying and improving them, combine to raise stakes of Nehru visit to more than ordinary State visit or what might have

¹ Source: Department of State, Central Files, 033.9111/12-756. Secret; Priority. Repeated to Bombay, Calcutta, and Madras.

² When Dulles visited India in March he carried a letter with him from the President inviting Nehru to visit the United States after the Commonwealth Prime Ministers Conference in London at the end of June. (*Ibid.*, Presidential Correspondence: Lot 66 D 204, Eisenhower/Dulles Correspondence with Prime Minister Nehru 1953-1961) Nehru replied in the affirmative. (Tedul 45 to Seoul, March 16; *ibid.*, Central Files, 110.11-DU/3-1656) After Eisenhower's attack of ileitis on June 7 and emergency surgery, it became apparent that the lengthy talks Nehru wanted might be too taxing on the President and some thought was given to postponing the visit. Another inducement to delay was the prospect that Nehru's party might be enlarged to include Menon. Dulles told Adams that would "louse it up terribly." (Memorandum of telephone conversation by Bernau, June 14; Eisenhower Library, Dulles Papers, White House Telephone Conversations) Allen, therefore, told Indian Minister Hareshwar Dayal on June 14 that the addition of Menon would "complicate the visit." Ambassador Mehta agreed that the circumstances were not propitious for a visit and cabled Nehru to recommend a postponement. (Memorandum of conversation by Withers, June 14; Department of State, Central Files, 033.9111/6-1456; telegram 3105 to New Delhi, June 20; *ibid.*, 033.1191/6-2056) On June 25 Eisenhower and Nehru published their correspondence delaying the latter's visit owing to the President's convalescence.

³ Cooper left India on April 23 and won election to the U.S. Senate from Kentucky. Since he had enjoyed good ties with Nehru, it was resolved to have him return to India prior to the Prime Minister's rescheduled visit in December 1956. Cooper carried a letter to Nehru from the President and was to present U.S. views on international problems and, at the same time, ascertain which subjects Nehru might wish to raise with the President. (Telegram 1304 to New Delhi, November 19; *ibid.*, 033.1100-CO/11-1956) In his letter to Nehru dated November 27, Eisenhower stated that Cooper regretted not having had the opportunity to say farewell to his many Indian friends and would now be able to do so and would have the opportunity to discuss world affairs with the Prime Minister. (*Ibid.*, 033.1100-CO/11-2656) Cooper spoke to Nehru on December 1, 2, and 7 and discussed the Suez and Hungarian issues, Communist China, and Pakistan. Krishnamachari and Pillai raised India's economic problems with him. (Telegrams 1586 and 1614 from New Delhi, December 6 and December 8, respectively; *ibid.*, 033.1100-CO/12-656 and 12-856)

come from meeting had it been held in July. As we see situation, we and India are more before an open gate than at crossroads. Externally, India almost certainly faces readjustments of policies in which factors within its economy are compelling influences.

Basic fact is that American prestige is higher than it has been for several years and at time when India more susceptible to accepting American moral and material leadership as counterweight to UK-Commonwealth ties, loss of prestige of USSR, and uneasy political, social and economic rivalry with Red China. This posture coincides with internal economic crisis which unless resolved, could mean rapid erosion of India's democratic forms and the faith of her present leaders, notably Nehru himself, that India can achieve a democratic Asian counterpoise to Red China without resort to authoritarian techniques which could progressively shift India into the Communist orbit.

This Indian crisis centers on a potential inflationary spiral and growing shortfall of foreign exchange requirements which, unless somehow obtained, will place India behind China in the competition for economic progress and defeat second five-year goals regarded by US as minimal to safeguard Indian democracy.

Nehru, therefore, comes to Washington in a sensitive position of weakness. He and his advisers know that they have fumbled internationally, that UK no longer represents acceptable alternative leadership to US, and that they are in grave economic difficulties. (Latter point driven home during Nehru's holding finance portfolio this year plus recent indoctrination by planning commission.) As consequence, we feel opportunities of personal diplomacy are offered President which could start process of our filling vacuum resulting from loss of prestige by USSR and UK, of assisting India in her unquestioned determination to build democratic counterpoise to Red China, and of securing greater Indian sympathy with free world, and specifically US, political objectives. We feel overall objective of talks should be to lay foundation for anchoring India more firmly to West and of orienting India external policy in directions which will, in turn, permit American public opinion and Congress to support India by lines of credit substantial enough to assure Indian capacity and confidence in keeping abreast of China by democratic norms.

In context of his problems and disappointments with USSR (Hungary, Panch Shila) and China (Burma, Nepal), we feel Nehru will be more amenable to frank, friendly discussion our problems and his than he might have been in past. He is perhaps less sure and hence will be more sensitive. We feel his economic problem may perhaps be uppermost in his mind but that he will likely be too proud to raise it in form of a specific request for US aid to meet India's desperate need for foreign exchange.

Though this is tactical matter which Secretary and President must decide, we believe our overall objective might be easier to attain if President fairly early in talks invited Nehru to discuss his planning objectives and problems and to submit suggestions of ways in which US might assist.

Finance Minister T.T. Krishnamachari and MEA General Secretary Pillai have told Cooper that Nehru was cognizant of critical problem of foreign exchange and that they were urging him to disclose this problem to the President. They hope that the President will initiate discussion by questioning Nehru on objectives and problems of first and second plans and that Nehru would then discuss the urgency of India's foreign exchange requirements. Pillai thought matter might be carried forward from that point, without any US commitment, by President's suggesting that he would welcome further information on matter and that his advisors could discuss it with Nehru's advisors. Cooper thinks that whatever may come from this discussion in the way of economic aid, or even if no economic aid eventuates, it is important for President to inquire fairly early in talks into progress India's development in some detail since this is Nehru's primary interest and India's foreign policy is to a large extent conditioned on India's need and determination to progress economically as rapidly as possible.

If this approach were taken, we feel Nehru would be more tractable on some of larger political issues on which we probably cannot agree now and that talks would be cast in framework of a positive policy toward which both countries could work while narrowing their differences.

Additionally, we feel there is another crucial factor which should govern President's attitude toward Nehru's sensitivities and biases in areas where he and Nehru must now obviously agree to disagree—China, Pakistan, military bases and pacts, nuclear tests. (Department will note that Nehru and Chou En-lai have during latter's visit⁴ agreed to disagree on several issues, including Hungary.)

This factor is that Nehru and present governing team in India is perhaps as able and as Western-oriented, and certainly as committed to democratic norms, as any team India is likely to produce for some years after Nehru's passing. The team which follows Nehru will emerge from the generation which was educated during the non-cooperation movement and which has never experienced the contact and exposure to Western thought and norms which Nehru's generation did. This team is bound to be more Asia-for-Asian minded, more inclined to employ authoritarian methods to achieve socio-

⁴ Chou arrived in India on November 28.

economic goals and to keep pace with China, unless Nehru has first successfully blazed way through democratic norms. This is one reason Nehru must attach importance he does to achieving targets of second five-year plan. And this is compelling reason for our accommodating certain of our objections to Nehru's policies and views and more clearly orienting our policy to the strategic purpose of assisting Nehru to achieve a democratic counterpoise to China which would exert magnetic attraction throughout Free Asia.

Lines of approach: We would anticipate that the general structure of the talks would include:

- (1) Points of view which the President would wish to present to Nehru in order to influence him and to elicit a fuller estimate of Nehru's intentions and

- (2) Areas of information which the President may wish to elicit from Nehru to estimate more fully background of Nehru's thinking on major international and domestic issues and on what he may wish to secure from the US.

Presentation of US views: It is basic that the President detail our general strategic concept, our estimate of the situation with particular reference to the Soviet-Sino bloc, our reasons for believing this bloc has not abandoned its aggressive intentions, and concept of "competitive coexistence" within framework of military strength which it is necessary to maintain until adequate disarmament safeguards can be implemented. If Nehru accepts (as we think he will) fact that our intentions are peaceful, other problems should be more easily handled. We feel President should develop thesis that long-range objectives of India and US are parallel, that our methods differ principally because of differing responsibilities and estimates of situation, that our methods can be brought to better focus of complementarity, that India's methods rely in large part on shield of West's defensive strength. President must obviously also discuss our positions vis-à-vis Suez, the Middle East and Eastern Europe.

Believe unnecessary to suggest bases of President's explaining our policies re variety of matters on which he and Nehru cannot agree: Admission Red China to UN, military bases, security pacts, military aid to Pakistan (latter three are inherent anyway in any explanation US strategic concept). We do feel, however, that President should discuss these issues in attempt to soften Nehru's position. Also believe President should reiterate traditional American opposition to colonialism and economic imperialism and should be prepared to discuss, if raised by Nehru, present US positions on Goa, French possessions in North Africa (notably Algeria), Cyprus, Kashmir and Indochina. Feel also that he should mention that private American capital might assist India's planning goals if Indian invest-

ment climate were improved by conclusion of pending treaties and some form of government-to-government investment guarantee.

Though Department has materials to brief (adequately on Nehru attitudes), following submitted as pertinent:

1. Pakistan: Despite presence Chou En-lai in India, we have information from Mrs. Dutt, wife of Foreign Secretary,⁵ that India gravely worried about Chinese motivations and moves and suspects that Pakistan and China may in some fashion connive against Indian interests. Nehru, of course, is not convinced that Pakistan is arming against USSR or China. It would be well to repeat Secretary's assurances to Nehru in March that US would come to Indian assistance if attacked by Pakistan. It would be better if Nehru could be convinced that US could prevent attack. Mention might be made that it is better for US to be ally of Pakistan than for some other military powers.

2. Red China: Difficulty of justifying American policy to Nehru is that he believes so firmly that Chinese Communists could be "morally contained" more effectively if moral conscience of world focused on them through membership in UN. President should certainly explain our tedious efforts to obtain no-use-of-force commitment from Chinese Communists in Formosa Strait. Our case against Red China's use of hostages to further its international policies should be stressed.

Information to be sought from Nehru: In addition to recommendation that President draw Nehru into early discussion of India's economic goals and difficulties (in realization that Indian foreign exchange crisis will require some credit by May 1957), suggest following:

1. Underlying rationale for Indian policy of non-alignment: Here, and against context of preparing American opinion and Congress for possibilities of long-term economic assistance, President should, we think, frankly discuss with Nehru the difficulty of providing large-scale assistance to India until and unless American opinion convinced that India and US are somewhat closer together on political problems and objectives.

2. Underlying rationale for Nehru's faith in Panch Shila, so recently disregarded by USSR: Parallel between Panch Shila and UN Charter and Briand-Kellogg Pact⁶ might be employed to highlight necessity of our preserving military posture and deterrent capabilities. Nehru will be understandably sensitive in this area of discussion.

3. Indian policy re East European satellites. Here it must be remembered that India and Nehru to some extent equate satellite problem with Kashmir problem, i.e., India does have some sympathy

⁵ Subimal Dutt.

⁶ For text of the Treaty For the Renunciation of War as an Instrument of National Policy signed at Paris on August 27, 1928, see *Foreign Relations*, 1928, vol. 1, pp. 153-157.

with Soviet desire to secure and defend a security belt as is openly evident also by Indian attitude toward Nepal.

4. Evidences that India is aware of Chinese danger along her northern border and Chinese threat of subverting Nepal and Burma. We believe Nehru highly conscious and worried on these scores and sees parallel between USSR and Yenan and Red China and Nepal and Burma.

5. Suez and a general Middle East settlement, including Israel and the future role of USSR vis-à-vis Egypt and Syria. Nehru attitude toward Nasser as an Arab leader seeking to extend his and Egypt's influence over all Arab states could be explored since we know Nehru is concerned with a militant pan-Islam.

6. Indian election forecast.

Issues to be raised by Nehru: Nehru can no doubt be relied on to raise the gamut of issues mentioned above to which no agreement can be reached and regarding which our maximum obtainable objective will be to convince him of our peaceful goals and thus ameliorate his criticism by enlarging his understanding of our motives and purposes. The big question in our minds is whether Nehru will ask specifically for US aid and whether the initiative in raising India's acute economic problems should be left to him. We think it would be better for President to take initiative since this could be done without committing ourselves and would simultaneously pave the way to discussion of ways and means of composing policy differences toward the end of achieving a climate of opinion which would support large scale assistance to India.

It might be argued that it would be better for Nehru to stew in his juice, swallow his pride and either disclose his internal problem or fail to do so. The larger question is whether this would necessarily serve our long-range interests. If, as is assumed, we are vitally interested in preserving democratic norms in India, there must be full and frank discussion of the biggest immediate threat to those norms.

The threat, as we see it, is that India cannot (1) achieve its socio-economic goals as rapidly as China and by democratic norms in the absence of substantial foreign aid, and (2) India's economic stability will be in jeopardy by May 1957 as result depletion of foreign exchange unless fairly immediate foreign economic assistance is forthcoming. We think what Nehru wishes most to leave India is proof that India can modernize and industrialize under democratic techniques. But, conditioned as he is with a colonial psychosis and its overtones of economic imperialism, and dismayed as he is with external and internal developments within recent months, he may be too proud to risk an impression that he visits the US with a begging bow. Nevertheless, fact that his entourage includes Five Year Plan experts indicates his preparedness for economic discussions.

All things considered, we believe the better political and psychological approach would be for the President to open the subject rather than run risk that Nehru might raise it relatively late in the discussions and too late to permit President and Nehru and their advisors to explore subject fully.

While Nehru obviously has many subjects other than his economic difficulties which he will wish to discuss, we repeat that we think the economic development of India is the primary motivation of his external and internal policies and that perhaps best way of sharpening focus of talks, while easing Nehru's sensitivities, would be to invite him fairly early to discuss his developmental plans and problems.

Conclusions: We feel strongly that "moment of history" has arrived which if seized and exploited, can give US much firmer anti-Communist and anti-Red China counterpoise in India. We can, as it were, redress our emphasis in Europe and on the periphery of Asia by more firmly consolidating our position with Indian land power. We think this should be possible without prejudicing our NATO and other pact relationships. If India were convinced of our enduring interest in seeing her through the critical years ahead, India might be expected to ameliorate some of her present objections to American policy, especially as regards Pakistan, SEATO, the Baghdad Pact. Risks are involved but it appears to us that the risks are greater of losing India through failure to exploit the opportunities now presented.⁷

Bartlett

⁷ The Embassy provided some additional comments on the impending visit of Nehru to the United States in telegram 1687 from New Delhi, December 14. Stress was placed on the need to ease Nehru's probable apprehension that the United States would take advantage of the situation "to sell him a 'bill of American goods'". One way of doing this was for the President to demonstrate an interest in India's economic difficulties and a willingness to explore means of dealing with the problem. (Department of State, Central Files, 033.9111/12-1456)

161. Telegram From the Secretary of State to the Department of State¹*Paris, December 12, 1956—10 p.m.*

Dulte 15. For Acting Secretary from Secretary. I have not had much time to think about Nehru's visit but submit following for such use if any as you and Rountree may feel it deserves.

I assume that Nehru's purpose will be first of all to develop cordial personal relations.² However back of this will lie the following concrete objectives:

1. To reduce our military and political support of Pakistan. Hatred and fear of Pakistan is, I think, Nehru's dominant sentiment.
2. To seek increased US sympathy and financial backing for India's second Five-Year Plan.
3. To get the US to support India against Portugal with reference to Goa.
4. To win for India a measure of favor and "peaceful coexistence" with Communist China by acting as mediator between US and Communist China with respect to recognition, admission to UN, and status of Formosa and off-shore islands.
5. To get US to follow India's policies in Middle East which are competitive with those of Pakistan, particularly as evidenced by Baghdad Pact.

All of these concrete objectives will be interlarded with much philosophy about colonialism, evils of military groupings, and need to assist underdeveloped countries.

It seems to me that our purposes should be:

1. To develop good will and understanding of our policies.
2. To do so without statements which will hereafter be interpreted as Presidential commitments for money or anti-Pakistan or pro-Chinese Communist policies. (I fear there is considerable danger that general conversation and general expressions of sympathy and understanding will be injected into memoranda dictated by Nehru and perhaps transmitted to other Indian officials and Ambassadors, as is Nehru's habit, and this may be a basis for future difficulty and misunderstanding.)
3. To seek that Nehru understands our attitude of supporting UN standards of conduct as against Soviet disregard and to make him feel that we are entitled to India's support on this basic matter.

¹ Source: Department of State, Central Files, 033.9111/12-1256. Top Secret. The source text bears a notation that a copy of this telegram was sent to the White House on December 12. Dulles was in Paris for the North Atlantic Council meeting.

² Mehta met with Hoover and others on December 10 to indicate his hope that there would be no fixed agenda thus permitting the President and Nehru to engage in talks on a "'man-to-man' basis". (Memorandum of conversation by Robert Anderson of the Office of South Asian Affairs, December 10; *ibid.*, 033.9111/12-1056)

4. Explain again our attitude toward recognition and UN seating of Communist China in the light of their continued holding of US prisoners, refusal to renounce force, violations of Korean Armistice, and failure to purge themselves of aggression against the UN.

5. Preserve "neutrality" as between Portugal and India. (The Portuguese are highly nervous and this affects their attitude toward Azores bases.)

Foregoing is concededly superficial but is my best response to suggestion I comment on prospective Presidential briefing.³

Dulles

³ In a memorandum for the President's information dated December 14, Senator Cooper emphasized the improved perception of the United States in India, which in large measure derived from the U.S. stand in the Suez affair. Adding to the friendlier opinion, he asserted, was the Indian disillusionment with the Soviets resulting from developments in Hungary. Success could be achieved, Cooper maintained, if Nehru left the United States with the impression that he had discussed all the subjects he had in mind and had received a sympathetic reception. Cooper concluded that a great impression could be made on Nehru by the President taking an interest in India's economic requirements. (*Ibid.*, NEA/SOA Files: Lot 59 D 575, Nehru Visit—1956)

The Embassy relayed the views of Frank Moraes, editor of the *Times of India*, in telegram 1631 from New Delhi, December 11. Moraes had reported the substance of his conversations with Indian leaders, including Nehru. One of the major topics he had raised was the bad effect Menon was having on U.S.-Indian relations. Nehru refused direct comment on this matter. (*Ibid.*, Central Files, 611.91/12-1156)

162. Summary of a Meeting With the President, Washington, December 14, 1956, 2:30 p.m.¹

Mr. Hoover, accompanied by Mr. Rountree, met with the President to review the latter's briefing for the Nehru visit. Also present were Colonel Goodpaster, Mr. Hagerty and, for a brief period, Governor Adams. The following principal points emerged:

The President said that he had read several of the briefing papers which had been sent over to him, and had talked with a number of people who wished to give him their views as to how to deal with Nehru. He had been particularly impressed with New Delhi's recent telegram reporting the conversation of Frank Moraes

¹ Source: Department of State, Conference Files: Lot 62 D 181, CF 830, Record of Nehru Visit—Dec. 16-20, 1956. Secret. Drafted by Rountree. The source text bears a marginal notation that it was seen by the Secretary of State. It was sent to him on December 15 at Hoover's request.

with Nehru.² He agreed to Mr. Hoover's suggestion that he receive Senator Cooper for a debriefing on the Senator's recent visit to India.

Referring to the briefing paper on a possible communiqué, the President suggested that arrangements be made for a discussion of this matter by the Secretary with Nehru on Tuesday following the President's and Nehru's return from Gettysburg. In this connection, he commented that he might fly back from Gettysburg, thus arriving in Washington about 10 a.m.

The President read the paper on the objectives of the Nehru visit which had been expanded to include the Secretary's views. He commented that he did not consider Goa and Kashmir in the same category as United States aid to Pakistan, insofar as his discussions with Nehru were concerned. He thought he would take the position that the United States assumes an impartial attitude concerning the former two questions, and not that we should "agree to disagree". The United States will deal with Pakistan quite separately from its policies toward India, just as India has decided to remain neutral as between the United States and the Soviet Union. He thought that the main objective Nehru would have in his visit would be as indicated in the last item in the briefing paper, i.e., to obtain a Presidential attitude favorable to the extension to India of a large scale United States loan in the near future, plus the objective of demonstrating that Nehru is the outstanding figure of Asia to whom the United States looks for wisdom and counsel.

Referring to the briefing on the attitude which he might assume concerning the prospects of American aid, the President thought that he should not be too cool, although he would avoid any commitment. He commented that a rebuff might result in Nehru turning more sharply toward the Soviet Union. A great problem in the question of aid to India would be Congress' attitude in the light of Indian policies.

Referring to the briefing on Hungary, the President questioned the wording "The United States is prepared to give careful consideration to proposals for guaranteeing the neutrality of a new Hungary". After some discussion to clarify the meaning of this sentence, the President suggested that the word "guaranteeing" be deleted.

Mr. Hoover suggested that the President seek an opportunity during his talks with Nehru to build up the prestige of Ambassador Bunker. The President agreed to do so.

Mr. Rountree mentioned that Mr. Stassen had suggested that the President seek particularly to impress upon Nehru the sincerity and soundness of our disarmament policy.

² See footnote 3, *supra*.

Commenting in more general terms about the meeting with Nehru, the President said that its main utility would be to provide for a general discussion of matters of common interest. With respect to particular propositions which might be put up by Nehru, he imagined that he could do little more than listen. Any detailed discussions and negotiations should be carried out at another level. He thought that he was adequately briefed for his talks.

163. Memorandum of a Conversation Between Secretary of State Dulles and Prime Minister Nehru, Blair House, Washington, December 16, 1956¹

I reported briefly to Mr. Nehru about the NATO Council meeting from which I had just returned. I explained that there was considerable misunderstanding about our attitude toward the attack on Egypt. The real basis for our complaint was not failure to consult but the fact that the attack involved a violation of the basic provisions of the United Nations Charter and the North Atlantic Treaty. Mr. Nehru said that this point of view coincided with their own. Their objection had not been failure to consult, although there had been such failure, but the use of force as an instrument of national policy.

We discussed briefly the Chinese Communist situation. I said that before there could be any change in our attitude there would have to be a number of changes on the part of the Chinese Communist regime. At the moment the sticking point was the ten Americans imprisoned. So long as they were imprisoned we could not allow other Americans to visit despite very strong pressures from our news-gathering agencies which have been invited by Communist China.

Mr. Nehru said that Chou En-lai had indicated that there were failures on our part. I denied this in some detail and suggested that he check with Ambassador Mehta.

¹ Source: Department of State, Conference Files: Lot 62 D 181, CF 830. Secret. The distribution of this memorandum of conversation was limited, with the sections in brackets intended only for the Under Secretary of State, the Legal Adviser, and NEA. The Bureau of Far Eastern Affairs was only to receive the comments on Laos. Nehru arrived in Washington December 16, spent some of December 17 and 18 with the President at Gettysburg, returned to Washington on December 18, and departed for New York December 20.

[In this connection I said that I was sorry to learn that Ambassador Mehta might be leaving.² He was a very fine Ambassador and we had developed good understanding with him.]³

We discussed the Baghdad Pact. Mr. Nehru said that whatever had been the original intention it had been diverted into Arab politics. He thought that the Iraq Government was very unstable and unpopular and he hoped that the United States would not be joining the Pact. This action might forfeit the increasing esteem with which we were now held by the Arab peoples.

I said that there was considerable pressure to have us join the Pact at the present time. It was still under consideration. Some [of our Defense] people have felt that we should join to check Soviet aggression in the area. The matter was still in abeyance and we recognized the complications of Arab politics, of which Mr. Nehru spoke.

Mr. Nehru said that just before he left New Delhi he had had a message from the Government of Laos saying they were greatly concerned that we had informed them that if they carried out their agreement with the Pathet Laotians, we would cut off our aid. Mr. Nehru said that while undoubtedly there were some Communist elements in the Pathet group the leader⁴ was, he thought, more of a nationalist than a Communist. I said that I was not up to date on this matter, but I knew we felt that the entry of the Pathet group into the government, particularly having regard to the posts which they demanded, would quickly lead to a Communist takeover and under those circumstances we were not interested in helping the government economically and financially. I said I would look into the matter and get up to date and advise him further before he left.

We discussed the European satellite situation. Mr. Nehru said that forces were at work which demonstrated within Russia a desire for more security and freedom and in the satellites for a greater recognition of their independence. He did not think that the Communists had liquidated or could liquidate the desire for nationalism.

I recalled the talk which I had had some months ago with the Yugoslav Foreign Minister⁵ where he had said that there should be friendly governments around Russia. I had agreed but said that unless the Russians move fast they would find themselves surrounded by hostile peoples and, consequently, in the long run, hostile governments. Events had demonstrated my point more rapidly than I had expected. Mr. Nehru agreed that the Russians had been too

² Mehta remained as Ambassador until 1958.

³ All brackets in this document are in the source text; see footnote 1 above.

⁴ Prince Souphanouvong.

⁵ Koča Popović.

slow to recognize nationalistic trends. He felt that the present situation was fraught with danger and I said I had taken the same position in my estimate of the world situation that I had given at the NATO meeting.

164. **Memorandum of a Conversation Between President Eisenhower and Prime Minister Nehru, The White House, Washington, December 19, 1956, 10:25 a.m.**¹

The President first asked him how his press conference had gone this morning; the Prime Minister said very well, and they discussed the mechanics for a moment or two.

The President said he had had a number of reports this morning from the Mid East, some were quite hopeful. Said our Ambassador² had a long talk with Nasser and found him more flexible than formerly and more nearly able to recognize our viewpoint. He also said he had nothing particularly new to add about Hungary. The Vice President is on his way there to see what can be done to relieve the situation of refugees. The President would like to see other countries take at least small numbers—mentioned South America, where countries are underpopulated. He mentioned that there seem to be a lot of professional people coming out of Hungary now. He said Austria was glad to act as a temporary haven, but wants the refugees out of there as soon as possible. Also, the Hungarians so far want to continue on as fast as possible.

The Prime Minister suggested it might be better to support these people in Austria; perhaps some day they could go home. The President said of course it would be easier and less costly to support some of them in Austria rather than bringing them over here, but the Austrians have been urging that we increase our quota, which

¹ Source: Eisenhower Library, Whitman File, Eisenhower Diaries. Top Secret. Transcribed presumably by Ann C. Whitman, Secretary to the President. A note on the source text indicates that Nehru was unaccompanied and "practically impossible" to hear. Eisenhower had met earlier with Nehru at Gettysburg and had called Dulles on December 18 to give him the essence of the conversation. He described the talks as "pretty good," noting that they were "in the realm of philosophy" and "about India and its problems". (Memorandum of telephone conversation by Bernau, December 18; *ibid.*, Dulles Papers, White House Telephone Conversations) For text of the communiqué issued upon Nehru's departure from Washington on December 20, see Department of State *Bulletin*, January 14, 1957, p. 47.

² Raymond A. Hare.

the President has done to the extreme limit allowed by law. He doesn't think it would hurt us to take in 40 or 50 thousand.

In answer to a question from the Prime Minister, the President said he thought there would be at least 150,000. The President said these figures could be wrong, that he had not got the reports of his committee yet.

The President replied to another question that he would not know of any reason to oppose any (of the Hungarian refugees) from going back to Hungary.

The President mentioned that he knew the Prime Minister was to see Secretary Dulles this afternoon and at that time they would work on the statement that will be released at the conclusion of the Prime Minister's visit. The President said he would have no objection to whatever Nehru and the State Department agreed upon.

The President said that, in looking back over their talks of Monday,³ he was not sure that he had made clear how much importance the United States attaches to the reunification of Germany.

(Nehru replied.)

The President in answer said that he realized that Russia did a lot in World War II and has certain legitimate fears—one of them was a completely revitalized, belligerent Armed Germany. We have no intention of allowing that to occur. That is one reason we never considered an independent army for Germany, but only as a part of other nations that have been equally abused by Germany and fearful of her. Actually, France has far more reason to be frightened of Germany than has Russia—and we don't close our eyes to the fact that the Russian fears have some reasonable basis—but we do think they have been very rigid in their refusal to talk about any plan which could bring this about in a framework of general European security. The President said also that in October of 1955 we tried hard to get the Russians to go along with any initial steps.

The President changed the subject, saying that since his visit with the Prime Minister he had been parading his new knowledge of India and Pakistan. He said as he looked back on their conversations he found them most constructive.

Nehru spoke at length. The President said that we have constantly maintained that we are not seeking to assist Pakistan with any thought that her strength vis-à-vis India should be increased.

He also stated that whenever we sold or gave arms to another country, it was with the understanding that such arms should not be used aggressively.

³ December 17.

In response to a question, the President said that of course he wouldn't argue with the Prime Minister about Soviet motives because it is one that has no proof. But their apparent desire to communize the world goes along with the Marxist doctrine for world revolution of the proletariat[t]. He said that now on the Prime Minister's side of the argument, when he used to talk, in the latter part of 1945 and early part of 1946 with his good friend, Marshal Zhukov⁴ had always said, "All we are interested in is that we have there a friendly government." The President—then the General—had replied that we want them to be the friends (of the Russians) but were they going to be free and Zhukov's answer was, "Oh, yes, they would not be friendly otherwise." So again it is the old story of colonialism—that you cannot make friends by dominating them.

Nehru answered, "That is true." And he went on with other remarks.

The President then asked if Nehru meant to suggest that the whole of Germany and of Eastern Europe should be lumped together in a "neutral zone." The President said that he thought the only real flaw in such a hope was not that the West would demand that Germany be with them, but he failed to see how a great nation like Germany could be reduced to the point that it would be merely the buffer—not even a buffer—sort of a vacuum between the West and the East.

The President also pointed out—in reply to a question—that there was no similarity between the relationship of West Germany and the allies on the one hand, and Russia and the satellites on the other. One was a forceful domination—the other a voluntary association.

If Adenauer⁵ should be defeated by the Socialists who might want to take a neutral position, there would be no answer on our part except to acknowledge their right to do so. He said the Prime Minister did awaken in his mind this idea: Let there be a true Warsaw Pact⁶ among all nations who want to join it, starting with Poland, Czechoslovakia, Roumania, Bulgaria and Hungary; let them make a voluntary Pact among themselves for neutrality, not necessarily complete disarmament, because normally a neutral nation has to make some effort to protect its neutrality. But they could say: "We are neutral, we are not West, we are not East, we are going to be friendly to all the countries."

⁴ Georgi Konstantinovich Zhukov was Soviet head of the Allied Control Commission in Germany 1945–1946, Commander in Chief of Soviet Land Forces in 1946, and as of April of that year, Deputy Minister of Soviet Armed Forces.

⁵ Konrad Adenauer, Chancellor of the German Federal Republic.

⁶ For text of the Warsaw Pact, "On Friendship, Cooperation, and Mutual Aid" dated May 14, 1955, see *Varshavskoe Soveshchanie Evropeiskikh Gosudarstv* (Moscow, 1955).

The President said he thought that idea would begin to make some sense, when approved by free election, and certainly it would conform to everything we have said. All we want is for them the opportunity to decide their own fate. If Germany chose to join such a Pact, we could have nothing to say. The President said he cannot see how we could, under the principles and policies under which we operate, take exception to such a thing, if that is what they choose to do.

However, the President said—this cannot be tested now because the Eastern governments are not free to act. He said he thought it would be a fine idea to get those countries of Eastern Europe free enough to tell *how* they want to live. Certainly we have got to explore every idea.

The President said that he could say frankly that we do not want our troops abroad; to start with, no occupational troops have ever made friends for the countries from whence they came. He said—consider our troops. They are well paid; compared to the little shopkeepers and the lower income people among whom they live, they are wealthy. That does not create good will. We would like to get them back. As it is, nobody living west of the Eisenach-Linz Line will agree to one single American soldier coming home. When we sent them there, it was never considered to be a permanent arrangement.

But aside from the certain sense of security Europeans gain from the presence of the troops themselves, they constitute hostages—so the countries of West Europe have a firm commitment that if those countries are attacked, we are at their side. And so none of those nations want us to withdraw our troops.

We do have difficulties. If one of the soldiers commits a crime in Germany, it is a most complicated business. We have had trouble all over the world because our government will not allow these troops to stay unless we can assure them that the men (accused of crime) will be tried by our system. Of course, when they are on leave and on the status of any other tourist, then they are subject to the laws of the land in which they are stationed.

The subject of disarmament came up. The President said that if we could have confidence in the word of the Russians, if we could get hold of anything that credited the Kremlin desire to be straightforward and honest—we would not have so much trouble! But Russia is a very big country that has not published a single word about its military activities; or it says one thing one day and one the other. So when it proposes that by decree "we will reduce our forces to such and such a number and we will foreswear atomic rule," no one can believe them. We cannot go to our people and say, "You can trust that statement."

The President said that the real reason for his Geneva open-skies program⁷ was primarily to develop "mutual confidence"—to convince both sides that we are not going to live under the threat of surprise attack, because this kind of reconnaissance would prohibit it. Under that confidence, we could go ahead. It was not in itself an answer to disarmament problems, but he said also to the Russians if they wanted also their system of inspection, which is detachments at ports, etc., he said he would accept it.

Recently, in the last message we had from Bulganin, he said the Soviets would accept aerial inspection over a limited area on both sides of the East-West line in Germany. He said, there is some little "give," apparently, finally in one of their messages.

Mr. Nehru said he believed this to indicate some real change in the Soviet attitude. The President said he hoped so, because it would be dreadful if you didn't have some hope and faith. He is hopeful that it does mean some little realization on their part that they can't just sit there and say "Nyet, Nyet"—they have got to do something! He said when he made his open-skies proposal, Bulganin was sitting at the table and received it with enthusiasm—apparently as far as the President could see, the Soviets were hoping for some kind of an agreement and Bulganin spoke of it in glowing terms.

Then as we left the table, Khrushchev walked out of the room with the President and said, "I don't agree with our Chairman." The President asked, "And why not?" He said, "This is just an intelligent gimmick—this is just a way to find out what we are doing." The President said, "I am offering to give you a pattern of what I am doing and then give you the inspectional facilities to see whether I told you the truth." Why doesn't that create confidence?

In any event Khrushchev defied Bulganin—but Bulganin's first reaction was favorable. The President said he admitted that because of our defensive arrangements, we give the Soviets cause for propaganda. Our bases and our flights to places we have been inspecting (our planes are stationed where they may sometimes in bad weather fly over Iron Curtain countries) annoy the Russians. But we feel that if you have a nation that is secretive with everything on the military end, the only thing you can do is keep watching it all the time—we don't know what else to do.

Nehru spoke about a survey of world economic needs.

The President replied that he had been talking about that to the Secretary of State—and he has been searching for a good way to propose something. He thinks that some proposal through the United Nations to make an honest survey of the world economically—its

⁷ Eisenhower's aerial inspection proposal made at Geneva on July 21, 1955, is detailed in Department of State *Bulletin*, August 1, 1955, p. 174.

resources and needs—and of the legitimate ways in which any country can look to its friends for the kind of help that they need, would be good.

In the meantime, we might push technical aid. The President said he understands that there is sometimes useless duplication; by and large we have a very successful program. It is of no interference to anybody because it is purely technical and professional.

We might do something to get a survey started and see what is the response from the other side. The reason the President proposed his atomic bank at the United Nations⁸ was because he thought then we would start a business organization that would lead people to expand their contacts, because once you talk about atomic power you almost have to talk about hydroelectric power and fuel power and related matters. The plan has made little progress.

The President then said he had to make an Inaugural talk⁹ and he wants to make it one that is meaningful to all our friends in the world, not just to the people in the United States. He wants to assure the world that, as everyone should know, we seek no territorial gains, that we have in mind no new kind of colonialism.

We don't fear a country where decision lies in people; we fear a country where decision lies in one individual or one small group. Therefore we try to develop self-reliance or self-support among nations.

The President said that we in the United States recognize clearly that if all of Western Europe should fall to the Communists, then the Communists would have the power to proceed with their threats against the rest of the world. He said he is talking in the short-term military field. As the Prime Minister had indicated, in the long run Communism really does defeat itself. The President remarked that both France and Britain are friends of ours.

The President mentioned his correspondence on Suez with Sir Anthony Eden, which started as far back as early July. He said that someday if he and Prime Minister Nehru both were retired old gentlemen, he would like to show him the letters. He said he feels that if anything is as universal as our own country's disapproval of any fighting over this thing, he knows it is shared pretty well throughout the whole world. We had this terrible problem, how to keep our friends from acting aggressively, but yet not letting them go so far down the economic drain as a result of their impulsiveness that they become prey to Communist penetration!

⁸ This proposal was incorporated in the President's address before the U.N. General Assembly on December 8, 1953; for text, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953* (Washington, 1960), pp. 813-822.

⁹ The text of the President's Second Inaugural Address delivered on January 21, 1957, is *ibid.*, 1957 (Washington, 1958), pp. 60-65.

The President went on to say that there is also a new factor, the one Nehru pointed out the other day. Russia was probably counting on a few extra divisions there in the satellite countries. So we would have had to set aside an equal number of divisions to keep them from causing trouble. The President said he admits it is quite different, adding, "I don't know what you think of that." The President thought of Eden as a very fine, famous man, and always found his associations with him most pleasant.

An interesting thing, said the President, is that atomic capability on both sides of the Iron Curtain had more or less neutralized itself so far as European thinking is concerned. So there has been a resurgence of a feeling of dependence, particularly in Germany, on conventional arms. He said Chancellor Adenauer today is pushing us harder than ever for more forces; sends us the most extraordinary messages, to the effect that we are running out on them, disturbing their people, making it more difficult for him. He has gotten very upset about it.

Saudi Arabia. In this latest ramification, in the last year, time and again we told King Saud exactly what we are doing. He still says that our kind of talk is making it difficult for him politically.

The Prime Minister talked at length, mentioning the name of Chou En-lai. The President said that is number one priority. He spoke of the incident of the invitation for newspapermen to go over there, and our thought that, step by step, we might have been able to reach some kind of *modus vivendi*.

The President spoke of his conversations with Chiang Kai-shek.¹⁰ When he visited there right after the War, he was impressed to hear everybody talking perfectly freely, and that they seemed to like "having us around." They put the President in the most beautiful quarters he has ever been in. There seemed no danger, or no thought of any molestation or interference. The President said that he, for one, was particularly shocked when we saw developing in the country those terrible pictures of United States victims.

The President said he would like to get our people over their currently very adverse attitude toward Red China. They put Red China at the bottom of the list, even below Russia, which he does not understand—but that it is true. He thinks most of it is about the ten prisoners and the fact, as he had told Nehru the other day, of the casualties suffered in Korea. Our people are sensitive—in World War II, they thought that it was something that had to be fought. He said he never heard discussed so much the theories of World War II as of the casualties of Korea. So the President thinks the main thing from our side is (a) the ten prisoners, and (b) Korea.

¹⁰ President of the Republic of China.

With those things straightened out, we would of course naturally do something with our public opinion here; secondly, we could do something, as the President had said before, about sending newspapermen over there who would begin to find out what they are thinking. There would then be a flow of news coming back that would tend to ameliorate this uneasy state of pandemonium. And there could, out of such a small achievement as this, spring something very fine.

But the President's feeling, as of this moment, is that it is impossible for us to take the first step. He said Foster Dulles may have a different view, but that this is his own feeling.

The President told Nehru that he is a man who is without personal ambition whatsoever. He has no ambition left in the world except to leave a record—not a personal record, but a knowledge that something has been advanced to help the cause of peace in the world.

The President told the Prime Minister he would not have stayed in this position had people in the Administration not insisted that it would be wrong to make a change at this moment when we have so many critical things started in the world—and their insistence that he just had to try to carry on. (The President personally feels it might be nice to just sit on the farm, play a little golf, and call it a day.) But if the President could help to ease the tension, so that finally we could work out the details, raise living standards, and bring about greater happiness—that is the only thing he could possibly look forward to.

So the President is willing to do anything, go anywhere, provided he can be shown that it would help rather than exacerbate the situation. Sometimes one may go, when so much is expected, and there turns out to be a collapse of effort when a miracle is not produced overnight. Before taking any such move, the President would want to be sure it would advance the cause of world understanding a little bit.

The President told of his having left a sick bed to go to the conferences at Panama¹¹—though he added that he did think it helped put him back in the harness again, that he improved steadily since that trip.

The President looks forward to seeing Nehru again this evening (dinner at Embassy). He did want to tell him how much he derived from this meeting—has gained much, he is sure, in understanding that will be helpful. He looks forward—as he hopes Nehru does—to personal correspondence, for which he thinks this meeting has

¹¹ After his ileitis attack, the President attended the meeting of the Presidents of the American Republics in Panama in July 1956.

opened the possibility. He mentioned that there are a number of Heads of State with whom he now corresponds, and once a personal contact has been opened up, it is possible. One to whom he does write is the King of Saudi Arabia.

The President continued: "So if at any time you have an idea, particularly this line you were talking of something you would now wish to get that might come better say from a country like ours—particularly if there were some kind of investment or money involved that we could provide and that would come better from us—you make the request and I will certainly give it every possible consideration. Because I expect the same thing."

The Prime Minister thanked the President. His statement concluded with, "as to what we should do about guns."

The President recalled the Prime Minister's having raised that question before,¹² and said he has thought about it a great deal. He said this is one question on which we have tried as usual to remain a friend of both sides. At this moment of course Portugal is a member of NATO. And we have a base on the Azores. That is about our relationship with them. The President thinks we have no particular trade—said something about size and population.

The President does not know how acute this is in India's public opinion today—but said that we are trying to straighten out the Mid East and get the Canal operating, which he thinks is just as important to India as it is to Western Europe and to us. He said we are trying to take advantage of what we believe to be a very great adversity to the Communist dictator pressures and objectives. He thinks if Nehru could hold off a little bit and defer moving on Goa in any way, it would be better to bring up now [*sic*]. The President wanted it understood that he was merely "talking off the top of his head"—first of all, as he said before, he does not know how really deeply this matter affects Indian public opinion throughout the nation—and if it is as urgent as he thinks it is, of course Nehru cannot defer it, but would have to do something.

After Nehru spoke, the President next said he thinks that here is a specific thing about which he can talk to Foster Dulles, something that would tend to reduce tension—because Portugal, however spurious their claim, would not be abandoning their own claims

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The President recalled that Nehru told him there was a question of income and money, which he at first said he would take up with Secretary Dulles. Then he added the suggestion that Nehru himself bring it up when he sees Mr. Dulles this afternoon. Nehru said he

¹² Reference is to Goa.

¹³ Ellipsis in the source text.

already has mentioned it to Mr. Dulles. The President then asked, "Did you mention these prisoners?"

(Nehru talked at some length.)

The President said that if any nation uses aggressively any arms ever given to them by the United States, they are going to be in trouble with us. This does not mean that we would go to war, but the first thing we would do would be to stop any further shipments to them. We have always been very careful not to give great stocks of ammunition, so that no one can go too far astray. On top of that, the pressure would be put upon them, because we have been helping them economically as well as militarily. The President said he cannot insure that we would never support them, but we would oppose and try to block any such move as, for example, Russia coming into the Mid East.

The President asked the question, "Is Kashmir the real bone of contention, or is that only a manifestation of the country?"

The Prime Minister replied, then apparently changed the subject. The President's next statement was that he will give the subject some thought and will try to produce an idea. But, he said, we would not want to be pushing ourselves forward as a mediator in such a thing.

The President hoped the Prime Minister enjoyed his stay; said his travel arrangements are all set, that he need not worry about a thing on that.

165. Memorandum of a Conversation, Department of State,
Washington, May 13, 1957¹

SUBJECT

India's Development Program and Desire for U.S. Assistance

PARTICIPANTS

Mr. Dillon, Deputy Under Secretary for Economic Affairs
Ambassador Mehta, Ambassador of India
Mr. Govindan Nair, Financial Minister of India
Mr. R.B. Smith, SOA

Ambassador Mehta called, at his request, to introduce Mr. Govindan Nair, the recently arrived Financial Minister for India. The Ambassador then expressed his appreciation of Mr. Dillon's recent speech at Arnold House on foreign aid. Mr. Dillon believed that the conference had been generally successful and commented that all groups which had recently studied foreign aid had reached substantially similar conclusions. He hoped that after President Eisenhower addresses the nation on this subject next week,² Congressional action will be favorable.

Ambassador Mehta recalled that Prime Minister Nehru, in speaking to the Far East-America Council of Commerce and Industry, during his recent trip, had said that India's approach to economic problems was not doctrinaire but pragmatic with the exception of India's insistence on maintaining a democratic approach on both political and economic matters. India has no plans, for example, for the collectivization of agriculture and recognizes clearly the important part played by private enterprise in her economy.

Despite the success of India's First Five Year Plan, baffling problems remain in the accomplishment of India's development program. Nevertheless, India's leaders realize that the impact of this program must be adequate to alleviate unemployment and increase the pace of industrialization. In the first year of the Second Five Year Plan, however, appreciable strains have developed on prices and balance of payments. Even if this plan is successful, the standard of living will rise only slightly.

¹ Source: Department of State, Central Files, 891.00-Five Year/5-1357. Confidential. Drafted by Smith.

² On May 21, the President addressed the American people on the need for mutual security in waging the peace. In his speech he noted that countries like India and Pakistan had with great difficulty been applying considerable portions of their limited resources to long-range investment. "But at this critical moment of their economic growth a relatively small amount of outside capital can fatefully decide the difference between success and failure. What is critical now is to start and to maintain momentum." (*Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1957*, p. 392)

The Ambassador then inquired whether Ambassador Bunker had conveyed to the Department any suggestions for informal talks between the Indian Embassy and the Department on long-term loan assistance to India. Mr. Dillon replied that the Embassy had reported a number of conversations held between Embassy personnel and Indian officials on the subject of India's development program, but that no request for talks had been indicated.

The Ambassador said that at luncheon on the first day of Prime Minister Nehru's visit, President Eisenhower had questioned him on the Five Year Plan and that the Prime Minister had given a detailed explanation. Subsequently, the Prime Minister, in a press conference, had said that India would welcome long-term loan assistance indicating that loans were a good form of aid in that they encouraged self-respect. While on his recent visit to India, the Ambassador said that he had had talks with Mr. Bartlett and Ambassador Bunker who had suggested that informal talks on the possibility of assistance be held before any formal approach to the U.S. Government is made by the Government of India. The Ambassador hopes to continue these discussions with Ambassador Bunker on the latter's return for consultation.

The Ambassador then raised a direct question whether an informal approach should be made to see if formal talks should be held later. He expects the Indian Finance Minister to be in Washington in the fall for talks with the IBRD and IMF. Mr. B.K. Nehru, Secretary of the Ministry of Finance, will be in Washington on May 16 for talks with the IBRD and will be in a position to supply the latest material for the information of the Department. The Ambassador frankly stated, that unless the ground is prepared carefully, he could see no point to a formal request by India which might raise, unnecessarily, controversy between the two governments or invite a rebuff. He recalled the long debate over the wheat loan to India in 1951. He hoped that there would be no publicity on any informal talks that might take place.

Mr. Dillon said that the U.S. obviously is interested in the future of India and its economy as indicated by the U.S. aid now being given. The question is, therefore, one of amount and not of principle. He did not believe that it would be possible to make any firm judgments until the nature of the new aid legislation is more definitely known, although he hoped that the concept of longer-range planning of assistance would be accepted by the U.S. Congress. Mr. Dillon expressed the opinion that it would be helpful to have informal discussions and to determine more clearly India's view of her economic problems.

Mr. Dillon indicated that the U.S. Government has made some studies based on available public information.³ He believed that it would save time ultimately to start technical discussions at the working level to determine the magnitude of the problem and to see if the information on which the U.S. has been working is accurate. Then, once aid legislation is finally passed, in about two months, the U.S. Government would be in a better position to advise the Government of India whether a formal request should be made. This decision might be made before the visit of the Finance Minister.

Ambassador Mehta stated that he had been informed that the President had asked that a study of the Indian economic problem be made. Mr. Dillon said that this was accurate but that the study had been made only on available published data. The Ambassador then inquired as to whom B. K. Nehru should see for technical discussions. Mr. Dillon agreed to receive Mr. Nehru, but suggested that technical talks could appropriately be held with Mr. Turnage of E and Mr. R. B. Smith of SOA.

Ambassador Mehta then referred to India's attempts to attract private capital. He said that in the past ten years, U.S. investments in India had increased from the \$25 million level to \$100 million and that a number of new investment schemes were under consideration. British and German private companies are also cooperating with the

³ On February 4, Rountree addressed a memorandum to the Secretary recommending the establishment of an interdepartmental staff study group representing the Departments of State and the Treasury and ICA. The group would consider the timing, form, and amount of economic development aid for India. (Department of State, Central Files, 791.5-MSP/2-457) The Interdepartmental Working Group on India held its first meeting on March 13. (Memorandum from Strong to Silver, March 14; *ibid.*, 791.5-MSP/3-1457) Clarence B. Randall, Special Assistant to the President, wrote to Secretary of the Treasury Humphrey, Under Secretary of State Herter, and ICA Director Hollister on April 15 to indicate that the President wanted a study made of the Indian economic situation, though he could not recall having promised to do this, as Mehta alleged, at the time of Nehru's visit. Randall urged that the study be completed by April 26 in a form ready for the President's personal attention. (*Ibid.*, 891.00/4-2457) The Report of the Working Group, entitled "The Economic Problem of India," was completed on May 2. (Washington National Records Center, ICA Director's File: FRC 61 A 32) Kalijarvi sent it to Randall on May 3 with a covering letter, indicating that although all the interested agencies and bureaus had agreed to it there were fundamental differences in regard to the policy implications involved. (Department of State, Central Files, 891.00/5-357) The Department of State favored additional development assistance to India. (Letter from Herter to Randall, May 2; Washington National Records Center, ICA Director's File: FRC 61 A 32) Burgess informed Dillon on May 2 that Treasury did not object to more assistance for India if the funds were reallocated from funds originally intended for other areas, but would not likely support any approach to Congress to gain additional funds for a higher level of assistance. (*Ibid.*) Hollister sent a memorandum to Dillon on May 2 suggesting further study of the second Five-Year Plan to determine whether it was soundly conceived to accomplish the objective of steady and uniform Indian economic development. He also thought more attention should be paid to foreign private investment. (*Ibid.*)

Government of India which is very keen to assist in attracting private capital. As evidence, he said that from a total of \$230 million borrowed by India from the IBRD, approximately \$150 million had been utilized for loans to private Indian companies. Thus, India is not stifling the private sector, although it does have problems of regulation and of meeting demands for protection from its own industrialists. He also referred to India's repayment of its lend-lease silver debt as evidence of India's good faith in international financial transactions.⁴

⁴ The first installment of India's lend-lease silver repayment was shipped to the United States on April 24. Ambassador Bunker, like Cooper before him, had urged a long-term moratorium. Dillon informed him April 24 of the reasons why the Department could not go along with his recommendation. (Department of State, Central Files, 791.56/3-1257)

166. Memorandum of a Conversation, Department of State,
Washington, May 31, 1957¹

SUBJECT

India's desire for additional US assistance in financing the Second Five-Year Plan

PARTICIPANTS

Mr. B.K. Nehru, Secretary Ministry of Finance of India
Mr. Dillon, Deputy Under Secretary for Economic Affairs
Mr. Smith, SOA/E

Mr. Nehru called at his request to discuss India's desire for further United States economic assistance.² He opened the conversation by stating that India's present position was extremely difficult. Apart from the serious financial and economic situation, it was essential from a political and social viewpoint for development to go

¹ Source: Department of State, Central Files, 891.00-Five Year/5-3157. Drafted by Smith.

² Mehta met with Rountree on May 29 and requested that preliminary talks on India's economic needs be held on a confidential basis to avoid any publicity to the effect that India had been "rebuffed" should the United States not find it possible to grant requests for assistance. (Memorandum of conversation by Robert W. Adams; *ibid.*, 891.00-Five Year/5-2957) Documentation on B.K. Nehru's visits with Department of State officials is *ibid.*, 891.00 and 791.5-MSP. Documentation on his conversations with ICA officials is *ibid.*, NEA/SOA/E Files: Lot 60 D 449, Working Group on India 1957)

forward. If stability is to be preserved in a democracy it is essential that visible progress be shown to the people.

This was the basic purpose of the Second Five-Year Plan, but India has found that it lacks the necessary resources to carry it through. Over the period of the Second Five-Year Plan India faces a total foreign exchange gap of approximately \$3 billion. Committed external assistance and the planned reduction in India's foreign exchange reserves would reduce this deficit to approximately \$1.9 billion. The planned reduction of \$400 million in reserves has already been exceeded, since India has used \$650 million of reserves since April, 1956. India has already drawn \$127½ million from the International Monetary Fund. Nevertheless, well before the end of this year Indian reserves will be reduced to their legal minimum. While India has the authority to go below this level temporarily, to do so would raise grave questions of the stability of its money.

If India's expectations of additional aid from the IBRD, the US, the Colombo Plan, private foreign investment, and the new Russian credit are taken into account, the foreign exchange gap is reduced to about \$700 million. However, new difficulties are arising. The IBRD has made no financial commitments as yet. Mr. Black has offered only \$75 million now for India's railroads, as against commitments already made by India of \$150 million. Furthermore, the Plan calls for additional commitments of \$280 for railroads by the end of this year. According to the IBRD, the supply of money is tight and India is unpopular in the money market.

Faced with these problems, India has declared a complete embargo on any new capital development unless it is self liquidating in foreign exchange terms. This applies to both the public and the private sectors. In addition, projects are being slowed down wherever possible. However, the bulk of the Five-Year Plan undertakings are started, and commitments on these projects are so large that it will be most difficult to finance even those presently under way. If development is limited to present projects, the rate of development will be too slow to meet India's political requirements. If it is assumed that the IBRD loans India not the \$600 million anticipated but only \$400 million, India's foreign exchange gap will amount to approximately \$1 billion.

In view of this situation, Mr. Nehru had been asked by his Government to raise with the US the question of additional financial assistance. He recognized that any specific legislation in favor of India would have difficulty in Congress. As to alternatives he suggested the possibility that further PL 480 assistance might be extended and that India might obtain a larger share of the proposed Development Fund. Mr. Dillon asked whether additional PL 480 assistance would substitute for planned requirements. Mr. Nehru

replied that India has had to increase its planned imports of food and agricultural products to meet consumer demands, and that PL 480 assistance would therefore reduce the demand for foreign exchange for this purpose.

Mr. Nehru summarized his presentation by stating that the problem was not only one of the amount of resources but also that of the speed with which additional funds could be found. In his view, India could not tamper with reserves and jeopardize the position of the rupee.

Mr. Dillon complimented Mr. Nehru's remarkable knowledge of US aid programs and of the situation in this country. Studies undertaken recently of foreign aid resulted in a widespread acceptance that such assistance is worth while in and of itself. The proposed Development Fund will provide aid assurance over a longer term. It is probable that the projects to be financed will be considered on a basis similar to that of the IBRD. The form of the Development Fund will make it easier to give a disproportionate share in any one year to a particular country than is now possible with country programs. This change in US aid procedures should be welcomed by India. While recognizing Mr. Nehru's desire for quick action, Mr. Dillon pointed out that we will not know how much is available until the Congress completes its action, perhaps by August first, at which time we could begin to make plans. While the amount to be made available to India will, of course, be further studied, he indicated that since India has many projects in an advanced state this should place India in a favorable position. It is obvious that even a disproportionately large share of the \$500 million requested for fiscal '58 would not come near to filling India's gap. However, additional funds will be available in succeeding years.

Mr. Dillon indicated that Congressional action on a new PL 480 legislation authorizing \$1 billion should be completed in about two weeks. However, the US has applications in excess of that amount. Nevertheless, it would not be unreasonable to think that India might obtain some additional aid from this source.

Mr. Dillon agreed with Mr. Nehru that special loan legislation is not practicable now. In the first place, there is a strong economy drive in Congress. Consequently, it would not be advisable to take up special legislation at the time new general aid is in progress. However, if the Administration's aid proposal is accepted, it will mean that the general idea of development assistance has been advanced and that the general atmosphere may be more favorable than it is now. Special action for India, however, could not be considered for at least a year.

Mr. Dillon indicated that any further information Mr. Nehru wished to give us would be helpful. He informed Mr. Nehru that

the US had made a study of India's Second Five-Year Plan which indicated a gap in foreign exchange resources of \$600 to \$900 million. However, this was based on many estimates and left many questions unanswered. Consequently, further technical discussion while aid legislation is in progress would be helpful, particularly to determine the particular timing problems to which Mr. Nehru had referred. Mr. Dillon also indicated that the new Development Fund might be closely coordinated with the IBRD loans and consequently might permit a larger volume of such IBRD loans.

Mr. Nehru inquired whether it was accurate then to summarize the US position, as that we would not know our situation for another six weeks but that the US desired in the meantime to get at the facts. He indicated that it was difficult for him to carry all the factual material with him but that the IBRD is fully informed. He suggested therefore that he request the IBRD to make all the information that it has available to the US Government. Secondly, he inquired whether it would be possible for the US to spare an expert to go to India to consult with their personnel.

Mr. Nehru reiterated the urgency of India's need and indicated that India would be favorably placed to present projects immediately to the US for consideration. He also expressed the hope that the new aid legislation would make it possible for the US to finance parts of old projects as well as new. India's urgent need is to complete the financing on high priority projects now under way. He inquired whether US loans under the aid fund would be as hard as those of the IBRD.

Mr. Dillon replied that our loans would not be on the same basis as the IBRD but that the legislation provided for considerable flexibility with regard to the currency of repayment and the timing. Mr. Nehru emphasized that if it was determined to be desirable for an American to go to Delhi this could be done quietly without any commitment or publicity, and that India would never attempt to take advantage of the US in these consultations.

Mr. Dillon then referred to the appointment of Mr. Winthrop Brown, formerly Economic Counselor in London, as Deputy Chief of Mission in Delhi as evidence of US recognition of the importance of India's financial problems. Mr. Nehru inquired when the Development Fund would be in operation. Mr. Dillon replied that if the law was passed by the first of August there would then be a transition period while new procedures were being developed, lasting for perhaps six months.³

Mr. Nehru finally suggested that any influence the US might bring to bear on the IBRD with regard to larger loans to India would

³ Reference is to the Mutual Security Act of August 14 (71 Stat. 355).

be helpful. IBRD loans to India amount to 56 cents per capita as compared to \$34.50 per capita to Australia. In his view, US support might make Mr. Black feel more secure in increasing bank credit to India.

167. Letter From the Ambassador in India (Bunker) to Frederic P. Bartlett, at London ¹

New Delhi, June 27, 1957.

DEAR FRED:

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I talked to so many people in the Administration, the Department, and in the Senate and House that I hardly know where to begin. I think perhaps my narrative will be clearer if I discuss these under a number of headings.

I. Economic Assistance

The greater part of my time was devoted to this subject. I talked with the President, with Mr. Dulles, Clarence Randall, Chris Herter, Sherman Adams, Douglas Dillon (with Win Brown), John Hollister, Eugene Black, Sam Waugh and, of course, Bill Rountree, Jeff Jones and others in South Asia.

I found the President looking extremely well,² in fine spirits and receptive to what I had to say. I had time to explain why I thought we were heading into a crucial period here in the immediate future and what it could mean to our long-term interests here and in Asia. I felt that I had a sympathetic hearing. The President again expressed the view that he felt we were better off with India following its policy of non-alignment than were she to join up actively on our side, with the consequent added burden on the American taxpayer and 2000 miles more of active frontier. He, of

¹ Source: Department of State, NEA/SOA Files: Lot 62 D 43, India—June–December 1957. Confidential; Official–Informal. Extract. Bartlett left New Delhi before Bunker's return for reassignment to Washington where he assumed the position of Director of the Office of South Asian Affairs. The sections not printed deal with Bartlett's departure, "Kashmir," military aid to Pakistan, "Other Economic Matters," and "Miscellaneous Matters".

² Bunker met with the President for 11 minutes on June 5.

course, made no commitment as to what, if anything, might be done in the way of extraordinary assistance to India.

Following my talk with the President, I had a long talk with Clarence Randall, who impressed me greatly. He seems to be intensely interested in his subject, to have an excellent grasp of it, and asks questions which make a lot of sense. Randall had first asked, as you know, for a study of the Indian situation, this at the suggestion of the President. He has now asked the Department to come up with recommendations. Burr Smith and others in SOA were working on these at the time I left and I had an opportunity to go over the ground a little with them. My only fear is that what they come up with may be too cautious and lukewarm.

I also covered the ground as thoroughly as I could with Foster Dulles,³ Chris Herter, Sherman Adams and Douglas Dillon. I felt the talk with Dillon was perhaps the most encouraging of all. He seemed interested in the problem, to be thinking clearly about it, and I felt would be willing to back what action he thought necessary even though it might be difficult.

I talked briefly with John Hollister, and later with his Deputy, Dennis FitzGerald. Hollister, as you know, is quite lukewarm about India and I did not get much encouragement from him. Incidentally, he has turned down the UNIVAC machine for Mahalanobis⁴ on the ground that with all the unemployment in India, spending a million dollars on a fancy calculating machine cannot be justified. I think, however, we may be able to do something in other directions on this. Reports are current that Hollister will be resigning after the pending foreign aid bill is passed.

The upshot of all these talks and a pretty thorough review with SOA led me to come to the reluctant conclusion that there is practically no prospect of any legislative action on a loan or credit to India in this session of Congress. The budget fight is still on and the Administration has not yet won it by any means. It got over the

³ Ambassador Bunker met with Dulles and Jones on June 4 to discuss India's financial problems. He emphasized that how India fared economically over the next few years would be most important to the United States. The Secretary mentioned that money was tight and there was Congressional resistance to aid programs. He hoped that India might qualify for assistance from the new Development Loan Fund. Finally, Dulles suggested that Bunker take up the question with Congressional leaders. (Memorandum of conversation by Jones, June 4; Department of State, Central Files, 891.00/6-457) Herter welcomed Bunker to the Secretary's Staff meeting on June 6 where the Ambassador stated that India's success was crucial to demonstrating that an underdeveloped nation could raise its economic standards in a democratic manner. (*Ibid.*, Secretary's Staff Meetings: Lot 63 D 75)

⁴ Professor P.C. Mahalanobis was a physicist, Director of the Indian Statistical Institute, Honorary Statistical Adviser to the Indian Cabinet, and economic adviser to Prime Minister Nehru. He played a key role in formulating the second Five-Year Plan, which stressed the expansion of the public sector at the expense of private industry.

first hurdle on foreign aid in the Senate extremely well but there is yet to come action by the Appropriations Committee. Hearings are still going on in the House on the Authorization Bill. Added up, this means that it will be near the end of the session before final action is taken on the authorization and appropriations. This would leave little time for Congressional action on a special measure which would undoubtedly be controversial and which could only hope to succeed with the strongest kind of backing from the President and the Secretary. I do not believe this would be forthcoming unless we were faced with an imminent collapse here.

There is the added problem in connection with special legislation for India that there are other countries, such as France, which are facing extremely difficult economic and financial problems and feel that they also should have special attention. There was also a feeling that India has overreached itself in the second Plan. This I think is true and I am quite sure that the Plan will not be completed within five years. Nevertheless it is also true that India will need more assistance than will be available under the presently contemplated Mutual Assistance program.

In the Senate I talked with Lyndon Johnson, Bill Knowland, George Aiken, Prescott Bush, John Cooper, Carl Hayden, Alec Wylie [Wiley], and briefly with Green and Mike Mansfield.⁵ In the House I saw John McCormick, the Majority leader. Since the Foreign Aid Bill was then under consideration by the Committee, I had the opportunity to add what I could toward urging that the development fund be kept intact and to emphasize again the critical situation we are facing in India and the need to do something about it in our own vital interests. Taken all together I found a more sympathetic response toward the Indian situation than I had expected. There is, of course, in many quarters great resentment at Krishna Menon but, nevertheless, a realization of the importance of India to us and the need to give assistance. Except for John Cooper, however, I found the same reaction as I had received from the Administration, i.e., that it would be extremely difficult, if not impossible, to get special legislation in this session. John Cooper was more optimistic than the others and felt that if the President and Secretary were to strongly back a recommendation it might be possible to get through a loan to India of say \$200,000,000. He prefaced this by saying that a strong support of the President and Secretary would be absolutely essential. Under present conditions I do not believe this would be forthcom-

⁵ The Democrats were Johnson of Texas, Hayden of Arizona, Theodore Francis Green of Rhode Island, and Mansfield of Montana. Knowland of California, Aiken of Vermont, Bush of Connecticut, Cooper of Kentucky, and Wiley of Wisconsin were the Republicans.

ing. Unanimity of opinion on the other side was so complete that I felt it would not be productive to try to force the issue further.

I talked this over several times with Ambassador Mehta and B.K. Nehru and found that their independent appraisal coincided with mine. With the short time available for any such action there is the added risk that the matter might be proposed and fail to get favorable action. Then we would be left with a situation in which many harsh things would have been said about India (which would be inevitable in any event) but with no offsetting constructive results to show for our efforts.

II. World Bank

On my arrival I found B.K. Nehru greatly discouraged about his negotiations with the Bank. He had hoped to get a loan of \$125,000,000 for the railroads, and the Bank countered with an offer of \$75,000,000. He felt that this left him in an extremely awkward position, for he has commitments to meet over the next year for the larger amount. I subsequently talked with Eugene Black,^{*} Burke Knapp and Rushinsky [*Rucinski*], and they outlined to me what they were proposing to do for India in the way of loans this year. These included the \$75,000,000 for the railroads, \$10,000,000 for the Trombay power plant near Bombay, and a further loan of \$17,500,000 to Tata for additional expansion, making a total of 102.5 millions. They felt this was as far as they could go, pointing out that this would put India right at the top of their borrowers, and that the only money they could lend was what they themselves could borrow. They had some trouble selling the last \$100 millions of bonds on the New York market. After talking with B.K. Nehru again, I urged the Bank to increase their loan for the railroads to \$100,000,000, taking the increase off what they might lend in subsequent years. I doubt very much, however, that they will do this for I think they feel that \$100,000,000 is about as much as they can do in any one year for India. They also pointed out that their actual payments this year to India would amount to about \$150,000,000.

III. Export-Import Bank

I had a session with Sam Waugh and the Board of the EXIM Bank. It developed that they really had no policy as far as India is

^{*} Black discussed the Indian aid question with Dillon on June 24 remarking that it was not likely that the United States could meet India's valid assistance needs without special legislation. He suggested that if Congress would permit India to repay the dollar wheat loan of 1951 in local currency at a higher rate of interest, then the World Bank would consider an equivalent dollar development loan of perhaps \$125 million. (Memorandum of conversation by Dillon, June 24; Department of State, Central Files, 891.00-Five Year/6-2457)

concerned and asked what I thought they could do. I said I felt that there was no point in getting into competition with the World Bank by loaning money to projects where the credit of the Indian Government was involved. This would only mean that the World Bank would reduce its lending and India would be no better off. I said I thought that they could be useful, however, in two types of projects. One instance would be where American firms were willing to invest in India but would not want to put up their own equity capital. In such cases they might be willing to borrow on their own credit from the EXIM Bank. The second instance might involve a situation in which savings in foreign exchange would be large enough to offset the capital investment over a period of years, and thus the borrowing ability of the Indian Government would not be compromised. The Reynolds Aluminum project might be a case in point. Sam Waugh asked me to write him along these lines, which I shall attempt to do after conferring with Bob Fluker and others here.⁷

IV. PL 480

It seems pretty well assured that the PL 480 extension for \$1,000,000,000 will go through. It is doubtful, however, if India will be able to share in much of this because of her present loan. The feeling in Congress seemed to be that PL 480 will be extended from year to year as long as there are farm surpluses, although I understand the Administration is not very enthusiastic about the project. However, I think there will be pressure to keep it going as long as the surpluses continue. In this case India might come in for larger shares in subsequent years.

* * * * *

Sincerely yours,

Ellsworth Bunker

⁷ Bunker wrote to Waugh on July 26. (*Ibid.*, NEA/SOA Files: Lot 62 D 43, Indian Economy—June–December 1957)

168. Operations Coordinating Board Report¹

Washington, July 3, 1957.

OPERATIONS PLAN FOR INDIA AND NEPAL

I. Introduction

A. References

(1) U.S. Policy Towards South Asia (NSC 5701), Approved by the President January 10, 1957.²

(2) India Over the Next Five Years (NIE 51-56), May 8, 1956.³

(3) Basic National Security Policy (NSC 5707/8), Approved by the President June 3, 1957.⁴

B. Objectives

1. U.S. operations should be developed in accordance with U.S. objectives which are: the continuance of non-Communist governments willing and able to resist Communist blandishments or pressures from within and without; an increased association and identification with other South Asian governments, and peoples, and with the free world community; a lessening of the tensions with other South Asian states in order to augment their resistance to Communist tactics and to strengthen their bonds with the free world; strong, stable and, if possible, popularly-based governments; increasingly sound and developed economies, and a posture of military strength contributing to area stability and as appropriate to the defense of the free world.

*C. Special Operating Guidance**General*

2. *India.* It should be borne in mind in dealing with India that it is not merely the largest of the less developed countries, but is very important in itself to United States policy. It is one of the leading powers of the world and stands preeminent among the free Asian-African countries. With a population approaching 400 millions, it encompasses one out of every seven persons in the world.

¹ Source: Department of State, OCB Files: Lot 62 D 430, India. Secret. The cover sheet was dated July 5, 1957. Attached to an undated memorandum by Charles E. Johnson, which noted that the OCB at its June 27 meeting had revised and concurred in the operations plan "for implementation by the responsible agencies of the actions and programs contained therein."

² Document 5.

³ Not printed.

⁴ Not printed here.

Communist China's tacit yet certain rivalry with India is one of the basic facts of Asian politics. Its implication to United States policy and operations lies in the inevitable comparison that will be made between the two countries' progress—the one depending upon totalitarian controls and devices, and the other relying on democratic processes and methods. The outcome of the race could have a very considerable effect on the other and much smaller Asian countries. India is deeply and officially committed to an "independent" foreign policy amounting to neutralism between the Communist bloc and the West. Equally, if not more important, the United States is committed to support its ally Pakistan against Communist aggression, and India has interpreted this commitment as a potential danger to India's security. The intensity of India's resentment of this alliance is a reflection of age-old communal tensions between Hindus and Muslims, greatly exacerbated by the partition of the sub-continent and the ensuing, bitter Kashmir dispute. There appears to be no easy "out" to the dilemma, but with patience there may be a chance eventually to persuade India that its oft expressed fears of the misuse of United States military aid to Pakistan in aggressive action against India are unfounded and indeed harmful to India's aspirations for a reputation of objectivity.

In spite of the conflict between certain U.S. and Indian policy objectives, there are many lines of parallel action: to stand against further Communist expansion; to limit Chinese Communist influence in South and Southeast Asia; to limit Soviet influence in the Near East and Africa; and to foster regional cooperation among the non-Communist countries of both continents. India of course hopes to extend and strengthen its ties with its smaller neighbors generally. While an Indian "sphere of influence" would not necessarily be consistent with United States aims, no serious problem is posed to present American policy so long as India remains non-Communist and democratically oriented. On the contrary, Indian influence contributes to the stability of parts of Free Asia. This applies particularly to the land-locked Kingdom of Nepal, where practically all free world activity is physically dependent upon a cooperative attitude on the part of the Government of India.

3. *Nepal.* Nepal, by virtue of its geographic position relative to India and Communist China, merits attention. Since 1951, India has had a dominating influence over Nepalese politics. However, long established Nepalese ties with Tibet and Nepalese dislike of occasionally heavy-handed Indian "protection" have inspired Nepal to seek closer relations with the Chinese Communists. During the past year and a half relations between Communist China and Nepal have become closer.

United States policy and operations toward the buffer state of Nepal should take into consideration the objectives we have with regard to India and Communist China. Since India looks upon all foreign influence in Nepal with some suspicion, the United States must pursue its objectives tactfully and carefully, not appearing to usurp India's special position. Similarly, the United States should regulate its activity in Nepal so as not to encourage the Chinese Communists to expand their operations there.

Special Situations

4. *U.S.-India Economic Relations.* In the absence of strong U.S.-Indian political or military ties, economic relations between the two countries assume a special importance. The United States has relatively little "leverage" on India apart from India's need for greater foreign economic assistance. The present level of U.S. assistance, though substantial, is small in comparison with India's total economic development expenditure and can exert little if any influence on its policy outlook. The same applies to the present level of Communist bloc economic assistance to India. It is not clear whether any increase in magnitude would have any effect on India's policy outlook.

Success of the Government of India in attaining its present economic goals, as reflected principally in its Second Five-Year Plan (1956-61) would do much to assure that India will remain non-Communist in the foreseeable future. Failure to achieve the Plan on schedule would tend to weaken the moderate elements in India, and increase the chances that extremist elements would eventually come to power. Such a development could result in a setback to the attainment of United States objectives in the area.

Present prospects are that, in the absence of greater foreign exchange resources, the goals of India's Second Five-year Plan will have to be lowered. Our stake in India's future economic and political development requires that Indian economic problems be kept under continuing review from the standpoint of the United States interests involved.

In this connection a special study has been prepared by an interdepartmental working group. This study has been submitted to the President. The Department, in consultation with the Departments of the Treasury and Agriculture, ICA and the Export-Import Bank is currently developing a series of recommendations which follow from the factual material in the study.⁵

⁵ The Department of Agriculture and the Export-Import Bank had not been represented on the original working group.

India has agreed with the United States to buy for rupees \$360 million worth of surplus commodities, chiefly foodgrains with 20 per cent of the sales proceeds to be reserved for U.S. uses. The balance is to be lent to India for developmental purposes, and \$55 million of this balance is to be made available through private banking channels to private enterprise for expansion purposes. Although the agreement provides for shipments over a three-year period, in the first 10 months of the program (by July 1, 1957) almost half of the agreed total of these surplus commodities will have been delivered. This is proving especially beneficial to India in that the sales of foodgrains to the public help to counter inflation by absorbing the extra income generated by India's development projects.

In matters affecting commercial relations, the promotion of American investment in India should be given priority, followed by trade promotion. Financial difficulties and inflationary pressures have created serious problems for India in the execution of its Second Five-year Plan. Part of the answer could lie in foreign investment whether in the form of direct capital participation or technical licensing agreements.

Greater provision should be made for assisting American business interests to enter the Indian market. Strong economic and commercial ties between India and the United States will not only contribute to India's economic well-being and thereby keep it among the free world countries but would also directly benefit U.S. business interests.

5. *Communist Government in Kerala.* The Communist Party won its most significant electoral victory in India in March 1957, when, in India's second general elections, it gained control of the Legislative Assembly of the State of Kerala. Communist Party members were elected to 60 of the 127 seats in the Assembly. Having been joined by 5 "independent" fellow-travellers elected with Communist support, the Communist Party holds a slim majority upon which it hopes to consolidate its newly-won position.

This victory of the Communists within a democratic, Constitutional framework gives them an important foothold from which to expand in India, and enhances their respectability and prestige as a successful, parliamentary political party which may have a far-reaching effect on their future capabilities. Their victory also introduces a new element in the psychological battle for Asia which is clearly advantageous to international Communism.

* * * * *

United States Government operations in Kerala are on a modest scale and consist of (1) a USIS Library at Trivandrum and (2) two

ICA employees engaged in agricultural education and research work. If the Communist authorities demand the removal from Kerala of USIS and ICA personnel and insist that all U.S. activities in these fields cease, the United States should be prepared to face these issues and, unless the Government of India is ready to oppose the Communists, to withdraw ICA and USIS operations from Kerala.⁶

6. *U.S.-India-Pakistan Relations.* Both India and Pakistan consider that their most vital foreign relations problems lie with each other. The two countries have radically divergent viewpoints on the issue of collective security, Pakistan's being officially much closer to that of the United States. In this context the main United States problems are to prevent the outbreak of hostilities and to maintain friendly relations with both countries while not weakening in any way our essential support for the collective security principle.

The principal Indo-Pakistan dispute relates to Kashmir State and revolves around differing concepts of the status of that area. India claims that Kashmir has been a part of India since October 1947. Pakistan disputes this contention and has the implied support of the UN Security Council on this point. The overriding interest of the United States in the dispute is to facilitate a mutually-acceptable settlement. The manner in which it is achieved is of considerable yet secondary interest. In the absence of a direct agreement between the two parties, the United States must, and does, fully support the UN action to achieve a settlement.

The other Indo-Pakistan disputes, though less serious, are deserving of our sympathetic and impartial interest. We favor the continuance of bilateral discussions, under the aegis of the World Bank, for an equitable settlement of the claims of both parties to the use of canal waters available in the Indus River Basin.

7. *Military Aid Problems.* The United States is committed to grant Pakistan an amount of military assistance of major proportions. A considerable amount of this aid has already been delivered, and some will continue to be delivered for years to come. In the context of strained Indo-Pakistan relations and of our desire to maintain friendly relations with India as well as Pakistan, it is particularly important that the United States extend military cooperation to

⁶ The state of Kerala resulted from the November 1, 1956, merger of the Malabar district of Madras State and the former state of Travancor-Cochin. Following the Communist electoral victory, the Department of State requested the Embassy to assess, among other things, the importance of Kerala to U.S. policy. (Telegram 2659 to New Delhi, April 8; Department of State, Central Files, 791.00/4-857) The response on April 12 indicated that Kerala's importance was primarily in political, psychological, and strategic fields rather than in the areas of trade and investment. (Telegram 314 from Madras; *ibid.*, 791.00/4-1257) Rountree submitted a study of the "Implications For U.S. Foreign Policy Of Communist Electoral Victory in Kerala" to Dulles on April 29. (*Ibid.*, 791.00/4-2957)

India. India refused the President's suggestion of February, 1954, that it might receive grant military aid from the United States. Nevertheless India had signed a military sale agreement with the United States in 1951,⁷ and since then has purchased about \$38,000,000 worth of United States military goods and services. Most of India's requests under this agreement have presented no problem from either the viewpoint of our national disclosure policy (for safeguarding information regarding certain types of military equipment) or of preventing an undue imbalance of power on the subcontinent. Such requests should normally be met. Those few cases where Indian requests raise disclosure problems should continue to be handled, as in the past, with due consideration to the special circumstances and justifications of the request, bearing in mind both our national security interests and our desire that India be given no cause to turn to the Communist bloc for military supplies. To date India has not purchased such supplies from the bloc, and this is one encouraging factor in U.S.-Indian relations.

8. *U.S.-Nepalese Relations.* American economic aid to Nepal should be on a moderate scale, sufficient to contribute to Nepalese economic development, political stability and a western orientation. Our aid program should be planned and implemented in cooperation with the Nepalese and Indians, where feasible, and its scope and manner of implementation should not antagonize India nor spur Communist China to greater activity in Nepal.⁸ Operations should be carried on with the minimum of personnel consistent with efficiency.

The United States does not maintain a resident diplomatic mission in Nepal. Our Ambassador to Nepal (and India), who presented his credentials to the King on March 8, 1957, is resident in New Delhi, India, as are the Communist Chinese and USSR Ambassadors who are also accredited both to India and Nepal. The United States has refrained from establishing a resident diplomatic mission in Nepal because such action would doubtless lead the Communist Chinese, and perhaps also the Soviet Union, to open a similar mission. The United States benefits from the present situation, since it has a USOM in Nepal while the Communist Chinese and Russians have no such official representatives there. The Communist Chinese are developing increasingly close relations with Nepal, however, and

⁷ For text of the "Agreement relating to transfer by the Government of the United States to the Government of India of certain military supplies and equipment," see TIAS 2241; 2 UST 872.

⁸ Jones wrote to Consul General Gordon H. Mattison at Calcutta on July 16 to advise that should Ambassador Bunker visit Katmandu he might discreetly mention to government officials the dangers that could result from Nepalese acceptance of Soviet aid while, at the same time, refraining from any implication of possible additional U.S. assistance. (Department of State, NEA/SOA Files: Lot 62 D 43, Nepal 1957)

will probably open a mission there when a favorable opportunity arises. It is not unlikely that the Soviet Union might do likewise. The United States should therefore be ready to counter such a move by establishing an equivalent American mission as quickly as possible.

The Nepal Government plans to hold its first general elections in October 1957. Prior to the elections, a constitution for Nepal is expected to be promulgated. Both these measures indicate the basic western orientation of the King⁹ and the present Nepalese Government. The United States should encourage the democratic trend in Nepal, but also bear in mind that Nepalese limitations might handicap any government established under the forthcoming constitution.

[Here follow résumés of principal United States economic commitments to India and action assignments to United States Government agencies.]

⁹ King Mahendra Bir Bikram Shah Dev.

169. Letter From the Deputy Under Secretary of State for Economic Affairs (Dillon) to the Chairman of the Council on Foreign Economic Policy (Randall)¹

Washington, July 15, 1957.

DEAR CLARENCE: On May 3 a report by an interdepartmental study group entitled "The Economic Problem of India" (Tab A) was forwarded to you.² This report described the economic difficulties arising out of India's expanded development program and particularly the anticipated shortages of foreign exchange resources to carry forward the second Five-Year Plan (1956-61) on schedule.

A part of the difficulties are caused by expanded private investment activity, which has turned out to be greater than expected. A sharp reduction in the Indian development program would doubtless have a depressing and lasting effect upon the private sector in India.

¹ Source: Department of State, Central Files, 891.00/7-1557. Confidential. Drafted by Turnage and Dillon and concurred in by the Office of South Asian Affairs, Bureau of Economic Affairs, and Policy Planning Staff, whose views it represented. The ICA did not request concurrence though FitzGerald "found no particular trouble". The Departments of the Treasury and Agriculture did not share the Department of State's conclusion, but produced no written dissent.

² See footnote 3, Document 165.

The report estimated that the foreign exchange gap for the Plan period, after taking into account assistance from all available sources, including an assumed \$300 million of development and technical assistance from the United States under the Mutual Security Program and an assumed \$400 million from the International Bank for Reconstruction and Development, would total \$700-900 million.

More recently the Government of India has taken additional steps to adjust to the serious situation which is developing. For example, it is revising its tax structure to raise additional revenues, and by delaying the initiation of new projects not yet underway, it is in process of rephasing its development program to conserve foreign exchange resources. Whether the Government of India further reduces the scale of its development activity will be significantly affected by its judgment as to the likelihood of further United States assistance.

Consistent with the policy directives of the National Security Council, the United States should assist the Government of India at this time in every practicable way, without however engaging its prestige in the Plan objectives. It does not appear that United States aid resources of the magnitude which the Indians believe necessary to carry out the Plan are available at this time. The Department of State believes however that the following measures constitute a feasible course of action within present budgetary limitations for the United States to assist India in realizing its objectives.

(1) Consider supplementing the existing Public Law 480 agreement to prevent further inflation of food prices in the event that subsequent information demonstrates a pressing need. Such an agreement would not contribute to meeting the gap in resources required to carry out the Plan, as that gap was estimated in the May report, on the basis of data available at that time. However, food requirements appear to have proved greater than anticipated and such an agreement would assist in meeting these increased requirements. Consideration might also be given to short-term credit financing through Commodity Credit Corporation thirty-six month credit sales, and to deferred payment barter transactions wherein we would receive payment in strategic materials over a three- to five-year period.³

³ The Department of Agriculture was not ready to make any firm commitments to allot to India any of the new \$1 billion authority under Title 1 for the current fiscal year. (Memorandum from Turnage to Dillon, July 9; Department of State, Central Files, 791.5-MSP/7-957) The Indians, however, were already pressing for additional amounts of surplus commodities due to recent floods and drought, population growth, and increased per capita consumption. (Memorandum of conversation by Jones, July 19; *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199) Jones wrote Bunker on July 22 that he hoped for approval of a P.L. 480 program for India in 1958 of as much as \$100 million. (*Ibid.*, NEA/SOA Files: Lot 62 D 43, India—June-December 1957)

(2) Extend loans from the new Development Fund for sound projects which cannot otherwise be financed. The Indians heretofore had estimated a continuation of United States Mutual Security Program Developmental and Technical Assistance at a rate of \$60 million a year. In the future, with the establishment of the Development Loan Fund, India in all likelihood will have to rely on this Fund for all Mutual Security Program aid other than technical assistance. If Indian project submissions prove sound and well documented, development financing from the Fund might well run at a somewhat higher rate than from present Mutual Security programs.

(3) Extend loans from the Export-Import Bank especially to strengthen selected private enterprise in India.

(4) Support generally Government of India applications for loans—both in the public and private sectors—from the International Bank for Reconstruction and Development.

Consideration has also been given to a request of Congress for special legislation to provide additional resources in the form of a long term loan to the Government of India. Such a request is believed to be infeasible at this time. In order, however, to provide the basis for a request at the next session of Congress, if it should be decided to make such a request, the Department of State intends to undertake necessary preparatory studies.⁴

Sincerely yours,

C. Douglas Dillon⁵

⁴ The Department of the Treasury wished to delete the last sentence referring to the preparatory study. See the memorandum from Turnage cited in footnote 3 above.

⁵ Printed from a copy which bears this typed signature.

170. Memorandum From the Chairman of the Council on Foreign Economic Policy (Randall) to the President's Assistant (Adams)¹

Washington, July 17, 1957.

On May 3, 1957, I submitted an interdepartmental study with respect to the economic problem of India.²

Here are the long delayed recommendations, as submitted by State.³

These represent interagency consensus, with one exception: Treasury recoils at the very thought of special Congressional action to meet the problem of India.

Here is the problem as I see it:

1. India's present position in the world justifies a strong effort of support from the United States.

2. Her economy will fall short under her second five-year plan by between \$700 and \$900 million over and above all assistance presently contemplated.

3. We should go part way to make up that deficit but should leave enough unmet to keep heavy pressure on India.

4. An addition of \$40 million per year to the present \$60 million level of annual assistance might be all that the new Development Fund could bear, and still meet other problems.

5. We might offer that now to India, and next year consider objectively whether to ask Congress for a special additional appropriation.

Clarence B. Randall⁴

¹ Source: Department of State, OCB Files: Lot 61 D 385, India. Confidential. Attachment to a memorandum from Staats to the OCB, dated July 22. Adams referred Randall's letter on July 18 to Robert Cutler for NSC/OCB action. On July 24, the OCB directed that the question be referred to the OCB Working Group on South Asia, which would be expanded to include some of the members of the Interdepartmental Working Group on India and all interested agencies. Recommendations were called for in advance of the September visit of the Indian Finance Minister. The Working Group was "to consider, to the degree possible, the effect of Congressional and Executive Branch action prior to September on the recommendations contained in Mr. Dillon's letter to Mr. Randall of July 15." (Memorandum from Jeremiah J. O'Connors of the Operations Coordinator's office to Rountree, July 24; *ibid.*, Central Files, 891.00/7-2457)

² See footnote 3, Document 165.

³ *Supra.*

⁴ Printed from a copy which bears this typed signature.

171. **Instruction From the Department of State to the
Diplomatic Missions in India**¹

CA-1082

Washington, August 1, 1957.

SUBJECT

United States Policy With Regard to Kerala

This instruction is concerned with (1) the effect of the Communist electoral victory in Kerala on U.S. policy and operations in India, and (2) the courses of action to be followed by the country team with respect to the Communist Government in Kerala.

Effect on U.S. Policy and Operations

* * * * *

Although the Communist authorities in Kerala are, for tactical reasons, currently pursuing a moderate policy towards American activities in the State, there is no reason to believe that this policy will not change when the Communists determine it politically advantageous to do so. They may eventually demand the removal from their State of ICA advisors and USIS personnel, as well as to insist that all U.S. activities in these fields cease. Unless the Government of India is willing to oppose such moves by the Communists, the United States should be prepared to withdraw ICA and USIS operations from Kerala. For the present, however, no change should be made by the United States in the level of ICA activities in that State, thus avoiding any situation which would benefit the Communists, by giving them the opportunity either to allege American discrimination or to claim that they succeeded in obtaining more technical assistance than did previous State administrations. By the same token, USIS operations should be maintained at the current level to avoid either a U.S. retreat in the face of Communist opposition or charges in Kerala and elsewhere that U.S. anti-Communist propaganda has been increased to a marked degree.

U.S. Courses of Action

I. Obtain as complete information as possible on, and ensure continuing coverage of, events in Kerala, with particular reference to economic, political and administrative programs and tactics of the

¹ Source: Department of State, Central Files, 611.91/8-157. Secret; Limited Distribution (at discretion of Ambassador and Principal Officers). Sent to Madras, Calcutta, Bombay, and New Delhi.

Communist Government, an assessment of opposition parties and their future capabilities, especially the Congress Party, and detailed information on key political figures in the State.

A. General: While maintaining the present level of staffs in India, all offices should make special efforts to implement the above course of action. The Embassy at New Delhi shall have primary responsibility for reporting on the attitude of Central Government and of Congress Party headquarters towards Kerala; the Consulate General at Madras shall have primary responsibility for reporting on developments within Kerala.

B. Politico-economic reporting by Madras Consulate General:

1. Selective despatch or telegraphic reporting only on most significant developments;

2. Preparation of a weekly (or bi-weekly at the Consulate General's discretion) classified round-up despatch, including analytical comment where appropriate, on Kerala Government and State developments (this might later be submitted on a less frequent basis if the situation should warrant such a change);

3. Continuing contribution to the Embassy for inclusion in the Weeka of any important developments, which should also be covered in greater detail under 2, above; and

4. Submission of a bi-weekly, unclassified despatch reporting appropriate coverage of the press with respect to Kerala. (Note: Submission of similar information from other posts in India, when appropriate.)

C. Travel and Conduct in Kerala: It is a basic policy objective of the Communist Party of India to use every available opportunity to subvert the United States position in India. The current policy of moderation and friendliness of the Communists in Kerala towards official U.S. personnel stationed in or visiting the area is obviously designed further to establish their respectability. Contact with U.S. officials provides the Communists in Kerala with a most valuable tool to further this objective. Following a further consolidation of their position or a change in policy towards the Government of India, the Communist authorities in Kerala may well adopt a policy towards U.S. personnel involving Communist-inspired altercations between U.S. citizens and the people of Kerala, and charges of U.S. subversive activities in Kerala and interference in internal affairs. The United States must avoid taking any action which (1) contributes to the Communist effort to gain respectability, or (2) might render the U.S. vulnerable to future Communist maneuvers against U.S. personnel in the area. The following sections are designed to meet this objective:

1. Travel to area: Official or personal travel in the area by all U.S. Government personnel not assigned to the Consulate General at Madras is to be kept at a minimum; visits to Kerala by officers assigned to Madras should also be held to the minimum consistent with the Consulate General's responsibilities and should, in any event, be no more frequent than visits to other States within the Madras Consular District; local employ-

ees of the Consulate General and USIS in Madras, under ordinary circumstances, should not be permitted to travel to Kerala on official business.

2. Relations with Communist Officials in Kerala: U.S. personnel travelling officially should customarily limit their courtesy calls to leaving cards on the Chief Secretary and signing the Governor's or any other book normally signed by foreign officials visiting the State. Calls by U.S. officials visiting or stationed in Kerala on the Chief Minister and other cabinet members should be kept to an absolute minimum. Calls of a business nature should customarily be limited to Government officials of Civil Service (non-political or non-Communist) status. Calls on members of the Congress Party and other opposition groups should, for obvious reasons, be most circumspect. If invited by the Communist State Government or its officials to attend official functions, U.S. official personnel should accept. Contacts with local-level Communist officials should be held to a minimum.

III. Keep technical assistance, economic aid, and other associated projects for Kerala under constant review on a case-by-case basis, with a view to maintaining programs which would be identified publicly with the United States or the Government of India, ...

IV. Within existing and proposed ceilings on economic assistance programs for India, attempt to increase economic aid, technical assistance, and other related programs in neighboring Indian States, and possibly develop new projects, which would redound to the credit of the United States, the Government of India, and those States, ...

V. Maintain U.S. information, exchange of persons, and related activities in Kerala at substantially the same level as at present. Fully publicize U.S. economic aid, technical assistance and other related programs in neighboring Indian States and give careful consideration to increased emphasis in appropriate information media elsewhere in India on international Communism and its implications in such newly-established and under-developed countries as India.

VI. Maintain ICA and USIS personnel in Kerala at present levels, seeking to replace departing personnel if appropriate arrangements can be made with the Government of India.

VIII. Urge American businessmen and other private interests who may be planning to invest or otherwise expand their operations in Kerala to proceed with caution in spite of Communist promises given them. In the United States, appropriate U.S. officials will take

the initiative, if necessary, to ensure that U.S. citizens with business and other interests in Kerala have the fullest information possible on conditions in Kerala and on problems faced by foreign business interests operating under Communist regimes in other parts of the world.

A. Appropriate U.S. officers in New Delhi, Bombay, Calcutta and Madras should supply U.S. citizens with business and other interests in Kerala with information as outlined above and, in addition, should provide similar information to non-U.S. citizens who represent U.S. business or other interests in Kerala.

IX. In reply to public inquiries, take the position that the administration of Kerala is an internal Indian matter; that the United States and its citizens are naturally interested in developments in Kerala, just as they are in all news about India; that the American private businessman is fully aware of the obvious risks of operating under a Communist regime, but is completely free to make his own decision concerning possible investment in Kerala, as elsewhere in India; that American views on Communism are well known; and that the free press in the United States can be expected to interpret developments in Kerala as it sees fit and without any intervention from official U.S. agencies.

The Department will appreciate receiving occasional reports from the Ambassador on his plans to implement this instruction and periodic reviews from the Embassy on the country team's efforts to carry out the courses of action outlined above. While the Consulates General should continue to forward information concerning Kerala developments to the Department in accordance with course of action No. I, information relating to the other courses of action should be sent to the Embassy at New Delhi for inclusion in the periodic progress reports to be submitted to the Department.

Herter

172. Memorandum From Elbert G. Mathews of the Policy Planning Staff to the Deputy Under Secretary of State for Economic Affairs (Dillon)¹

Washington, September 11, 1957.

SUBJECT

Aid for India

1. *Economic Prospect.* Two inter-agency groups have reviewed the Indian problem within the last few months. They both reached essentially the same conclusions:

a. India is embarked on an effective and promising development effort.

b. There is a significant gap between the resources available to India and those required to carry forward this effort.

c. Failing an increase in these resources, India will be required to cut back on development activity even more drastically than it has done to date.

2. *Political Prospect.* Personnel recently with the Embassy in Delhi judge that failure of present development programs could be reflected, in the 1961 elections, in Communist gains in Bengal and Bombay provinces comparable to those which installed a Communist government in the province of Kerala in the last election. This could spur a trend toward other types of extremism, disorder, and regional separatism, such as we now see in Indonesia. It is not difficult to imagine how, in the long run, such a situation would pave the way for a Communist accession to power in the sub-continent.

3. *Measures Under Consideration.* The measures that are now under consideration in relation to the Indian problem are not adequate to close the gap described in paragraph 1:

a. IBRD loans of about \$100 million annually, which were taken into account in computing the gap.

b. Development Fund loans of about \$60-\$70 million in FY 1958, or \$10-\$20 million more a year than was assumed in computing this gap.

c. PL 480 sales, which are badly needed to prevent the gap from enlarging but which will not diminish it.

d. A proposal to convert the Indian wheat loan to a local currency basis if the IBRD would thus make a firm commitment to lend India about \$125 million more than would otherwise be the case. This measure, in which Mr. Bowie had taken strong interest, seems promising in that it could—if the IBRD would make the additional loan—actually reduce the calculated gap. It would not

¹ Source: Department of State, Central Files, 791.5-MSP/9-1157. Official Use Only.

solve the Indian problem, but would give us time in which to address other measures to that problem.

4. *Additional Executive Branch Measures.* There are certain additional measures which are not now under active consideration and which might be taken without Congressional action:

a. We could hasten the use of part of the approximate \$90 million which is left over in the Asia Regional Fund to meet Indian needs.

b. We could try to settle the Japanese GARIOA debt (around \$500 million spread out in annual payments over a long period) on the basis of a US decision—such as proposed by Embassy Tokyo—to use the proceeds for financing of development projects in southern Asia.

c. We could try to secure the consent of industrial countries whose currencies we hold, or will secure, as a result of PL 480 sales, to make a part of such currencies available to India on a loan basis. The potential here is probably limited.

d. There is, at least theoretically, the possibility of an EXIM Bank loan to India. The IBRD has indicated, however, that such a loan would diminish the Bank's activity in India proportionately unless it were made in support of new US private investment. Whether this difficulty could be overcome through any practicable means is uncertain.

5. *Additional Congressional Measures.* The most promising measures are probably those which would call for Congressional action:

a. We could try to restore the Development Fund to its original size, so that it could meet—as we once intended that it should—a large part of the Indian need. If we can show a clear excess of sound applications over Fund resources by February, we might ask for both a supplemental FY 1958 appropriation and an increase in the \$625 million authorized for the Fund in FY 1959. This latter increase might be achieved through a larger appropriation, borrowing authority, or use by the Fund of the approximate \$300 million in dollar non-EXIM Bank loan repayments which accrue to the US annually.

b. We could ask for a special Congressional loan to India.

6. *Recommendation.* I would suggest that you call together the same E-NEA-S/P working group which studied the Indian wheat loan conversion problem and ask it to evaluate—together with H—each of the measures listed above, as a matter of urgency. This would be in line with the statement in your letter of July 15 to Mr. Randall² that “to provide the basis for a request (concerning a long-term loan to India) at the next session of Congress, if it should be decided to make such a request, the Department of State intends to undertake necessary preparatory studies”. Such a study would permit the

² See Document 169.

Department to make a deliberate choice between its present course and some expanded program of aid to India.

EGM

173. Telegram From the Ambassador in India (Bunker) to the Department of State¹

New Delhi, September 20, 1957—4 p.m.

793. Subject: TTK visit.² References: Embassy telegrams 574,³ 584,⁴ 586⁵ and 640.⁶ As recognized in NSC 5701⁷ and the OCB plan for implementing it,⁸ I believe it clearly in United States interest to give India's development maximum possible support. I now wish emphasize that next six months is the critical time at which assurance of United States aid can have the maximum actual and public impact.

Therefore we should bend every effort to meet the crisis (see reference telegrams cited above). I use the word advisedly and after mature consideration (in India's economic progress, as far as we possibly can).

Background.

While TTK duly aware his visit primarily exploratory with little prospect reaching immediate concrete agreement, Prime Minister's statement *New York Times* correspondent regarding welcoming of loan from United States and general Indian press speculation on prospects

¹ Source: Department of State, Central Files, 033.9111/9-2057. Secret; Priority. Repeated to Bombay, Calcutta, and Madras.

² Indian Finance Minister Tiruvallur Thattai Krishnamachari was coming to Washington for the annual meetings of the International Bank for Reconstruction and Development and the International Monetary Fund.

³ Telegram 574, August 30, indicated those projects on which India placed the highest priority at a time of inadequate foreign exchange. (Department of State, Central Files, 891.00-Five Year/8-3057)

⁴ Telegram 584, August 31, summarized the Indian estimate concerning its foreign exchange situation over the 2 years beginning on July 1. (*Ibid.*, 891.131/8-3157)

⁵ Telegram 586, August 31, discussed the serious inflation problem besetting the Indian economy. (*Ibid.*)

⁶ Telegram 640, September 7, noted that economic pressures had compelled a change in the Indian Government's attitude toward the private sector including foreign private capital. (*Ibid.*, 891.00/9-757)

⁷ Document 5.

⁸ Document 168.

visit reveal general public expectation of substantial results after if not during visit itself. Indian thinking public now frankly regard United States as only real hope of aid needed carry out minimum plan as currently being rephased. On basis lack success developing European capital GOI must share this view.

TTK's general approach.

This TTK's first visit to United States (also first visit for Principal Secretary H.M. Patel, the top permanent finance official). It is my impression he approaching trip to United States with some awe and considerable trepidation which he will try to cloak. Therefore as important that attitude toward him be warm and friendly as that discussions be forthright and factual. He aware some his financial measures and India's present financial stringency causing concern among private American businessmen. He aware India has made foreign policy blunders (including Krishna Menon) and has taken positions not in India's long-range interest—particularly in meeting Chinese Communist threat which he foresees approaching climax in four-five years. Believes, however, that as in most democratic countries, shifts to improved foreign policy positions cannot be accomplished overnight.

On the other hand he very conscious that at this instance India has taken strong internal measures of self-help including broad based taxation and curtailment of imports. GOI now preparing for further 20 percent cut in next six months from present austerity level despite serious adverse effects total economy and increase inflationary pressures. Believe he and others in Cabinet including Moraji⁹ desire be convinced India must continue move toward democratic capitalism while preferring to call itemized economy or "Indian socialism" with emphasis on social justice.

TTK's probable lines of enquiry.

TTK will pursue all possible sources aid during trip. He will undoubtedly press IBRD for further credit. Despite lack success to date he will also attempt maintain pressure United Kingdom with hope getting at least trustee status for first major public GOI bond flotation abroad, which GOI wishes make in United Kingdom. He will try hard persuade West Germany give substantial credit. No evidence TTK expects assistance out of Ottawa Commonwealth Ministers meeting or further IMF drawings.

⁹ Moraji Desai, Minister for Commerce and Industry.

In discussions with United States, TTK expects be able talk in concrete terms amounts aid needed by India and discuss alternative prospects. Will have following main points in mind:

(a) He feels it essential in order finance basic economic development including hard core of plan and to give psychological and material support to drooping rupee that India have immediate assurance availability \$7-800 million credit in addition continued agricultural commodity sales for rupees. GOI would desire that aid on full loan basis.

(b) He would prefer use new dollar credits as foreign exchange backing for currency while drawing down maximum on sterling balances currently used as currency reserve. Alternatively, he would desire line of credit to finance normal commodity imports, all of which could be raw material such as steel.

(c) Recognizing difficulty availability such sum from any one source in United States, he would expect get firm views on (1) availability private U.S. capital with or without EXIM Bank guarantees (including sounding U.S. bond market), (2) an EXIM Bank line of credit, (3) the Development Loan Fund as source finance for project assistance, including politically important slum clearance in key areas threatened by Communists, and (4) possible approach to Congress for special legislation in next session provide either total amount credit necessary of residual amount not covered by any combination of above possibilities.

Why help India and when.

Success in economic developments is fundamental to:

(a) Internal political stability in India and maintenance of free democratic institutions. Due in large part to economic difficulties public criticism of Congress leadership by party members is appearing for first time, and divisions within party are developing on economic issues. Success with second plan is important to maintain popular support for and cohesion within Congress Party. It is also the only major card Congress and central government have to play to maintain its cohesion and counter the natural centrifugal forces of language, religion and local nationalism which are divisive in themselves and being exploited by CPI, and the surest protection against totalitarian controls from the center, whether from the left or extreme right.

(b) India's ability contain and overthrow CPI government in Kerala and arrest similar trends elsewhere, particularly West Bengal.

(c) India's ability to demonstrate to the thus far uncommitted masses of Asia that they can better be improved by democratic than by totalitarian methods.

Moreover, I believe, and will later send a full explanation of my reasons, that India is a good long-term investment for U.S. Government and private capital. Quite aside from our overriding political stake its success we should not miss any opportunity to exploit this potentially rich business opportunity.

GOI facing acute current foreign exchange shortage (Embtel 584). It has hitherto had an excellent credit rating, but its credit worthiness, and hence capacity to attract needed capital, will be at risk if reserves are drawn down too far. Import cuts being proposed will in fact reduce standards of living. Even tempo of development very costly to reestablish when broken.

A given amount of aid now, moreover the assurance of it, would therefore be more useful in serving United States interest than substantially larger amounts later. In addition to U.S. Government assistance we should take opportunity of TTK's visit to help GOI help itself by trying to open his eyes to real potential of private investment as contribution to solution and consequent importance India continuing adjust its attitudes to attract private foreign investors. Indication specific investor interest and stimulative measures which could be taken by U.S. Government obviously best means persuading him real possibility tapping this source capital.

TTK says he taking with him material on double taxation convention. Suggest this be pressed with him with view to conclude as soon as possible. He needs persuasive arguments to use in getting Cabinet approval Delhi. In same context I have recommended high level (possibly Prime Minister) public statement clarification India's view on private capital and need thereof. Believe India moving in right direction as indicated developments reported Embtel 640 and signature convertibility guaranty agreement, and that with proper stimulus and friendly persuasion it will move further in this direction in own interest developing its resources.

Suggest considerable attention be paid H.M. Patel who extremely able, responsible and cooperative; among friendliest to U.S. of all ranking GOI civil servants. As Principal Finance Secretary he is one of main formulators of finance policy and is important factor in policy continuity in event change of ministers.

Bunker

174. Memorandum of a Conversation, Department of State,
Washington, September 25, 1957¹

SUBJECT

India's Need for Economic Assistance²

PARTICIPANTS

The Secretary
C. Douglas Dillon, Deputy Under Secretary of State
T.T. Krishnamachari, Indian Finance Minister
G.L. Mehta, Indian Ambassador
William V. Turnage, OFD
Frederic P. Bartlett, SOA

Appointment with President

The Finance Minister inquired when the President might be returning to Washington since he hoped that he would have the privilege of seeing him. The Secretary indicated that the President hoped that he would not have to come back until the end of his vacation, which the Secretary explained would not be for several weeks. The Secretary certainly sympathized with the President's wishes to have as complete a rest as possible. However, the Secretary added, if the President should come back before the end of his vacation, the Secretary would inform Ambassador Mehta.

Basic Request

Mr. Krishnamachari stated that it was the Secretary's recent press statement regarding aid to India³ which had led him to

¹ Source: Department of State, Central Files, 891.00/9-2557. Confidential. Drafted by Bartlett.

² Memoranda of conversation by Turnage, dated September 25, and by Bartlett, dated September 27, related to the same subject. In the first instance Krishnamachari met with various people including Dillon and George H. Willis, Director of the Office of International Finance at the Treasury Department. In the second meeting he discussed India's plight with Herter. Dillon suggested that if India encouraged private investment then it would generate additional investment and stimulate a more positive attitude toward India on the part of the U.S. business community. (*Ibid.*, 891.00-Five Year/9-2557) Herter stated that Congressional attitudes might be controlling and pointed to the unfortunate emphasis in the U.S. press on the differences between India and the United States. He did promise a sympathetic consideration of India's problems within the limits of what realistically was available. Krishnamachari confessed that it was "difficult" and "embarrassing" to have to raise the issues he had, but that was the principal reason he had come to the United States. (*Ibid.*, 891.00/9-2757)

³ At his September 10 press conference Dulles stated:

"We have known for some time that there was a developing gap in the foreign exchange aspects of the second five-year plan. This has been giving concern in India and it gives concern to all of us who want to see that plan succeed. Now, there has

(Continued)

presume to have talks here on that subject although Mr. Krishnamachari explained that he did not know how far the Secretary's press statement might indicate it appropriate for him to proceed. The Secretary recalled his statement to the effect that, if the Government of India presented a request for assistance, it would be sympathetically considered. He stressed, however, that he had also indicated that the United States also faced certain financial problems. For instance, although the Executive had asked the Congress to appropriate \$500,000,000 for the new development loan fund in fiscal year 1958 and to authorize an additional \$750,000,000 for fiscal year 1959 and a similar amount for fiscal year 1960, the Congress had only appropriated \$300,000,000 for the current fiscal year and had only authorized a total of \$625,000,000 for next year. The Department did not know when Congress might be willing to appropriate the remainder of the authorized total. In addition, the Secretary said that he understood that the Secretary of the Treasury had already pointed out to Mr. Krishnamachari some of the financial difficulties facing the United States Government such as current inflationary pressures, high interest rates, mounting claims against the dollar, and the legal debt limit. Indeed, if the British withdrew the entire \$500,000,000 recently made available to them, it would bring us right up to the ceiling.

The Secretary, however, would be very glad to have the views of the Government of India regarding its general situation, its needs and the minimum amount to carry through its Second Five Year Plan.

Indian Economic Problems

The Finance Minister then referred to several facets of India's economic situation:

1. Foreign exchange difficulties had forced a cut in the plan but the most important problem remained that of financing "normal" imports. Unless additional funds could be made available, raw material imports might have to be cut by forty to fifty per cent and this would cause the private sector to suffer. Indeed, he had explained to the President of the Export-Import Bank that loans to private enterprise, which the Government of India would very much welcome, would cause increased demands for raw materials.

2. The private sector in India had increased very rapidly during the first year and a half of the Second Five Year Plan. The sector

(Continued)

been no formulation of any request from India. When it is made it will receive sympathetic consideration. Of course, we have some financial problems of our own." (Department of State *Bulletin*, September 30, 1957, p. 529)

required \$100,000,000 to cover its outstanding commitments in foreign exchange and with another \$100,000,000 would be able to complete its physical targets. Power projects, however, which were basic to continued expansion of the private sector, had had to be cut out of the Plan. This meant that further expansion of the private sector naturally would be limited. For the longer term expansion of this sector it was absolutely necessary to improve railroads and other transportation facilities.

3. In its planning India kept constantly in mind its capacity to repay obligations incurred. Its present debt, in relation to its resources, was certainly not large, thanks to the liquidation of the British debt which it was able to effect during the war years. India was also attempting to phase its debt commitments so that the servicing of them would reach its peak only ten years hence. Payments would then be spaced out for fifteen years after that period.

4. The crucial time, foreign exchange-wise, would be the next eighteen months to two years.

5. U.S. exports to India had totaled \$187,000,000 for 1955, rose to \$266,000,000 in 1956 and were running at the annual rate of \$472,000,000 during the first half of 1957. This showed where part of India's difficulties arose.

6. India was trying to push its exports. Tea and burlap were expanding rather steadily but slowly. On the other hand, textile exports traditionally fluctuated, with Japan presently ahead of India in this field.

7. In conclusion, Mr. Krishnamachari indicated that if India received only "normal" aid, its economy would have to run at seventy-five per cent of capacity. Actually, what India needed to fill its foreign exchange gap was \$1,400,000,000. It did not expect to be able to obtain all this from the United States, but anything would be helpful.

Basic Request—Continuation Of

The Indian Finance Minister then returned to the question of American assistance. It has been said, he noted, that hitherto India has never asked for aid from anyone. "Now, I can make a formal request." The Secretary interjected that this should only be done if the Minister knew in advance that the request could be favorably acted upon. Nevertheless, the Secretary continued, we can explore the possibilities without waiting for such an assessment. Ambassador Mehta at this point noted that he had talked with Mr. Dillon several months ago and that the latter had counseled him to wait in raising

the question of American assistance for India until the Congress had completed action on the then pending Mutual Security legislation.

There is nothing inappropriate, the Secretary replied, in raising the question informally at this time, for this is the time when we should be considering what we are in a position to request from Congress. From a political stand-point, the Secretary continued, there was no objection to aid to India, for the United States would like to help India carry forward its plan. Although the two governments might differ in their approaches to several matters, it was important for India to demonstrate economic progress under freedom and democracy. Indeed, the United States believed that it had already been helpful in this respect. The Finance Minister agreed with the latter statement and expressed his country's sincere appreciation for such American assistance.

In respect to India's basic economic aspirations, the Secretary noted, India and the United States are in agreement. We both want to see the living standards of the Indian people raised and the country's industrial base developed. To the extent that this has been accomplished in Communist countries, it has been only through the use of forced labor and the denial of individual freedom. The pyramids, the Coliseum, and other monuments are witnesses to similar use of slave labor in the past.

We are, the Secretary warned, up against some hard facts, however, because in the United States as in India we too have a democratic society. There is growing opposition among the American people to our Government's assumption of additional commitments accompanied by a growing demand for a reduction in taxes in order to ease the existing inflationary pressures. The Secretary believed that this situation had been reviewed for Mr. Krishnamachari at some length by the Secretary of the Treasury. This, said the Secretary of State, is what he had in mind in his press conference statement to the effect that we too had our financial problems. Indeed, the Secretary did not think that it would be possible for the United States Government to be able to provide sums of the order of magnitude suggested by the Indian representative. We will, however, be discussing among ourselves if, when, and how to go to the Congress for help to India. The Secretary felt dubious at the moment if the Executive Branch could gain the necessary support. He was also uncertain what the Treasury and the Bureau of the Budget might do even if the State Department decided that the matter should be taken up with the Congress.

The Secretary concluded that we would like to find ways to be helpful. The United States' interest in India's economic development took precedence over differences existing between the two countries.

Private Investment

The Secretary was interested to know that Mr. Krishnamachari was going to New York to see what could be done to enlist the support of American private finance. The Finance Minister explained that he would face some difficulties because, always in the past having relied upon British sources for needed capital, India had never cultivated foreign markets. It is the normal state of affairs in the United States, the Secretary explained, for private sources to make loans, noting the great progress that such loans had enabled Canada and Venezuela to make.

The Indian Finance Minister entirely agreed, but noted that in Canada at least there was some fear that American investment might have gone too far. Mr. Waugh, he continued, had made some helpful remarks during the Finance Minister's talk with him on the role of private enterprise in economic development. In India the Government itself had gotten over its original fears, born from its colonial period, of foreign investment. Now it was unfortunately Indian private businessmen themselves who were afraid of foreign competition within India. Indian business was not unaware that foreign concerns enjoyed a preferred position with the average Indian investor.

175. **Memorandum From the Director of the Office of South Asian Affairs (Bartlett) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree)**¹

Washington, September 30, 1957.

SUBJECT

India's Request for Substantial Economic Assistance

Background

For the last six years our Ambassadors in New Delhi, Chester Bowles, George Allen, John Sherman Cooper, and Ellsworth Bunker, irrespective of their differing backgrounds and affiliations, have

¹ Source: Department of State, Central Files, 791.5-MSP/9-3057. Secret. Drafted by Smith and Bartlett and cleared with Mathews, Turnage, and Henry David Owen of the Policy Planning Staff.

stressed India's economic needs and the interest of the United States in helping that country overcome them. During this period the United States Government has responded by a loan of \$190,000,000 to purchase wheat, by technical assistance grants in the amount of \$56.8 million, by economic development loans and grants (in last three years mostly loans) in the amount of \$342.9 million, and by a \$360,000,000 PL 480 program (with a very small grant element). During this entire period, however, the Government of India has scrupulously refrained from formally requesting assistance. Indeed, in the case of the 1950-51 wheat deal, Mr. Nehru himself insisted on its being in the form of a loan repayable in dollars, rather than as a grant.

Now at last, forced by the acute need for foreign exchange to carry through even the hard core alone of its second five year plan, upon whose successful completion Mr. Nehru and the Congress Party count for the continued existence of democratic government in India, the Indian leaders have sent their Finance Minister to Washington to seek substantial assistance in the form of a long-term loan, repayable in dollars from the United States.

Anticipating that India might be forced to seek United States help, working levels of the Department have been examining the magnitude and nature of India's requirements and the availability of US resources.² While it is obviously impossible to forecast India's total financial position for the next three and a half years with absolute precision, there is remarkable unanimity as to the overall magnitude of the problem. If India is to meet her outstanding commitments, maintain essential imports and salvage the "hard core" of her development program in transport, power, irrigation and steel, new US aid of \$500-800 million is required.³ Full account has been taken of potential non-US aid—including the IBRD, UK, West Germany, and Colombo Plan.

Two Basic Decisions

1. *By the NSC.* Possibly also foreseeing this situation, the NSC in January of this year decided that it was in the national interest of the United States to see the second five year plan substantially

² Following receipt of Document 172, Dillon set up a Working Group consisting of representatives of E, H, NEA, S/P, and U/MSA to consider the problem of aid to India. (Memorandum from Turnage to Dillon, September 23; Department of State, Central Files, 791.5-MSP/9-2357)

³ On October 4, Turnage sent Dillon a comparison of the estimates the Department of State had secured regarding India's aid requirements. (*Ibid.*, 791.5-MSP/10-457)

succeed and that toward this end the United States should consider giving substantial assistance.⁴

2. *By the Secretary.* During his conversation with the Indian Finance Minister on September 25,⁵ the Secretary told Mr. Krishnamachari that there was no political obstacle, although there might be financial and practicable obstacles, to the Government of the United States assisting India in connection with its foreign exchange needs. Our interest in seeing India carry through its second five year plan outweighed any political differences existing between the two countries.

A Third Basic Decision Still Remains

A third basic decision still remains to be taken. It is whether, and if the decision is in the affirmative, in what amount and in what forms the Executive Branch of the Government is prepared to attempt to implement the NSC and the Secretary's decisions. This will presumably require further consideration of the whole problem by the Secretary and eventually by the President himself. It will require weighing the financial and other practicable difficulties mentioned by the Secretary against the advantages to the United States which might reasonably be anticipated to flow from assistance to India and, conversely, against the disadvantages to the United States which might be expected to occur if no assistance were forthcoming.

Factors Involved in Arriving at the Third Decision

To assist in making the difficult evaluation suggested above it might be helpful to restate the arguments for and against aid to India.

Fundamental argument for assistance. This is simply that no American wants to see the Communists take over India and that, if assistance given in time and in the right amount can substantially contribute to forestalling this, it would be a reasonable investment from the point of view of the national security of the United States. Once a country, like China, comes under Communist control it is lost to the free world; no amount of dollars can buy it back.

That there is danger of the Communists assuming control in India seems clear from the fact that the Communists doubled their popular vote from five percent in the 1951-52 elections to ten percent in the 1957 elections, that in the most economically depressed state of Kerala they secured a working majority and are now in control of its Government, that in Calcutta City—harassed with

⁴ See Document 5.

⁵ A memorandum of this conversation, by Rountree, is in Department of State, Central Files, 891.00-Five Year/9-2557.

refugee and other economic problems—the Communists elected two of the four members of Parliament from Calcutta and ten of the twelve Calcutta members of the West Bengal Assembly, and that the Communists are right now playing up economic grievances of the Calcutta citizens so successfully that they can and do paralyze life in that important city whenever it is to their interest to do so. It does not seem too gloomy to forecast a Communist victory or at least a Communist access to power in the populous province of Bengal in the 1961 elections if economic progress is slowed down, instead of speeded up, between now and then.

Nor does any American want to see India disintegrate through the play of divisive forces based on ethnic, lingual, or religious differences. Yet these lie very close to the surface in India (which only under British rule was ever truly a single political unit) and could erupt if Nehru, his Government, and the Congress Party lost the respect of the Indian masses. One way for this to be almost assured would be for Nehru to prove himself incapable of fulfilling the minimum economic aspirations of these masses. A large scale scrapping of the second Five Year Plan, such as would be unavoidable in the absence of increased external financing, would be taken as dramatic proof of this incapacity.

Thus the basic argument for aid is that, if the Free World as a whole (for not only the United States is involved) wants to keep India's 380 million people, its considerable iron and coal resources, and its strategic communications position out of the Soviet orbit, realizing also that if India went so would go almost all of Asia, the Free World must do its best to help the present Government of India do its best. This best may not be very high in our eyes, but it must hold out some prospect of improvement to politically active elements in India. It must also be at least equal to China's economic development into which it is reported that the Soviets are committed to investing something like the equivalent of \$2 billion.

Fundamental difficulties involving assistance. It is evident that available sources of US aid cannot provide the sums needed by India in the time required. If India's request is to be met, special Congressional authorization would appear to be necessary since no combination of Mutual Security assistance, Export-Import Bank loans, PL 480 programs or other US available resources can provide funds adequate to permit India to proceed confidently on her minimum program. There is, on the other hand, strong public and official pressure to reduce Government expenditures.

It is already abundantly clear that Pakistan will react adversely to any special Congressional assistance to India. Although presumably the US Government will not wish to have Pakistan or any other government dictate how the US should handle its relations with a

third country, Pakistan's attitude will have to be taken into account. Perhaps as the situation develops assistance to India might be broadened to include presently projected economic aid to Pakistan in a single program package. We might also, as suggested recently by the Pakistan Finance Minister,⁶ mount an effort to bring about a voluntarily accepted moratorium on further arms expansion by both Pakistan and India and eventually to secure progress on other India-Pakistan disputes. A separate paper is being prepared at your direction which will discuss the pros and cons of such an approach.⁷ At this time, however, it would appear to be necessary to consider India's needs on their own merits. After we decide whether it is in our interest to meet these needs, we can consider how this decision could most usefully be presented and exploited to achieve our other goals in the subcontinent.

One might, as a lender, wish to make certain of the borrower's long-term ability to repay his obligations and still accomplish the objectives for which the debt is being incurred. This raises the question of whether India's population growth is so great that the country can never hope to expand its economy rapidly enough to keep ahead of it, i.e., to assure an increasing per capita standard of living. Perhaps all that one can say is that some economists believe that this is possible provided India receives on credit enough capital to permit her to break what has been called the "economic sound barrier". This barrier, representing the rate of capital accumulation, faces all underdeveloped countries before they reach the point where capital accumulation from internal resources can be sufficient to assure ever upward-spiraling industrial output. Apparently the World Bank has enough confidence that this is possible in India to be prepared to invest quite a few hundreds of millions of dollars of its lenders' money in helping India crash the barrier.

The question has at times been raised of what may happen to India, and by implication to United States interests in India, when Nehru leaves the stage. No one can prophesy at this time how the transition between the Nehru and the post-Nehru era will be effectuated, except to point out that an orderly transition will be much more difficult to assure if at the time of Nehru's death the people of

⁶ Seyid Amjad Ali, who was also in Washington for the IMF meeting, made this suggestion on September 18.

⁷ Rountree intended to send a memorandum to the Secretary on this subject. A copy of the proposed memorandum, drafted by Owen, Smith, and John F. Buckle of SOA and dated October 15, was an enclosure to a memorandum from Owen to Dillon, dated October 22. (Department of State, Central Files, 690D.91/10-2257) Before he sent the memorandum to Dulles, Rountree wanted to have the views of the Embassies in India and Pakistan. Telegram 1030, Document 63, was based on the draft memorandum.

India have little hope that they can advance themselves economically under democracy.

Conclusion

In short, our final decision would appear to hinge on the evaluation as to whether the free world can take the risk of letting India sink or swim on its own, with the limited aid that is now contemplated from both the US and other free world sources.

Those who make this decision must weigh the risks of this course against the costs of greater assistance.

They may also wish to consider whether, if the decision is to provide increased aid, the United States and the free world will not receive the most value for their investment in India's future:

(a) If this investment's timing and amount are adequate; i.e., if it is made early enough to permit sound planning and implementation of its use and in sufficient amount to assure the desired objective,

(b) If it can eventually be associated with a halt to the arms race and some progress on India-Pakistan economic problems. (We will presumably not be able to "buy off" either India or Pakistan in regard to Kashmir.)

Recommendation

It is suggested that you arrange to meet with Messrs. Murphy, Dillon, Mathews, and Barnes, who are the senior officers primarily concerned and all of whom are acquainted with the essential facts, for a full discussion of the position to be taken on India's informal request in a jointly supported recommendation to the Secretary.

176. Memorandum From the Executive Officer of the
Operations Coordinating Board (Staats) to the Board ¹

Washington, October 3, 1957.

SUBJECT

Recommendations for United States Action to Assist India in Realizing its
Economic Development Objectives.

The attached paper has been revised ² and is distributed herewith in accordance with the action of the Board on the memorandum, "Recommendations for United States Action to Assist India in Realizing its Economic Development Objectives," on September 18, 1957, at which time the Board *agreed* that: ³

a. The facts relative to the second five-year plan, the steps being taken or which would be taken by India relative thereto, and the amount of the foreign exchange gap and how it is arrived at, are not yet adequately known.

b. A very large gap in foreign exchange will exist in any event whether India stretches out its second five-year plan programs to a minimum hard core.

c. There are not available U.S. assets (including possible World Bank loans) to approach closing this foreign exchange gap.

d. Under these circumstances, *the Board is unable to approve* the memorandum as a talking paper for use with the Indian Finance Minister during his forthcoming visit; however, the revised memorandum, together with this Board action, should be circulated for the information of the interested agencies.

e. The facts with reference to the future carrying out of the second five-year plan and the net requirements for external financial help in connection therewith should be accurately established as a basis upon which a policy determination could be made by the President as to the advisability of approaching Congress at its next session for a special long-term loan to India.

f. A way accurately to establish these facts should be agreed upon promptly.

Elmer B. Staats

¹ Source: Department of State, OCB Files: Lot 61 D 385, India. Confidential.

² The earlier September 13 draft was attached to a memorandum to the OCB from Acting Executive Officer of the Board Roy M. Melbourne, dated September 16. (*Ibid.*)

³ During the discussion of the paper, Cutler suggested a fact-finding mission to India led by someone of a stature comparable to Clarence Randall. The General Counsel of the Department of the Treasury, Fred C. Scribner, Jr., however, was concerned that the Indians might interpret such a mission as a U.S. aid commitment. Thus the composition of any committee was left for further consideration. (*Ibid.*, Lot 62 D 430) At its October 3 meeting, the Board reached no decision regarding its next move on the question of aid to India though Cutler once again suggested the desirability of a "prestige" mission. (*Ibid.*)

[Attachment]

September 18, 1957.

RECOMMENDATIONS FOR UNITED STATES ACTION TO
ASSIST INDIA IN REALIZING ITS ECONOMIC
DEVELOPMENT OBJECTIVES*Background*

The report by an interdepartmental study group entitled "The Economic Problems of India",⁴ together with recommendations for action submitted by the Department of State, was discussed by the Operations Coordinating Board on July 26, 1957, and referred to the Working Group on South Asia on July 30, 1957, for review and development of recommendations in order that an agreed position can be developed prior to the visit to the United States of the Indian Finance Minister the last week of September.

The problem as outlined and analyzed in the report remains essentially the same.

India's development effort is going forward vigorously. The private business sector especially has shown unexpected expansionist activity. India's total effort, however, requires more resources than India has or is currently obtaining from foreign sources.

Since the report was prepared, therefore, the Indian foreign exchange situation has deteriorated even further. On August 13, the Minister of Finance announced that the minimum foreign exchange reserve requirement of the Reserve Bank was lowered from \$840 to \$630 million, as permitted by law, and it is anticipated that additional action will have to be taken shortly either to reduce or abolish the minimum reserve requirement. Inflationary pressures also continued and wholesale prices rose nearly two percent in July. Action taken by the Government of India to deal with the problem has included revision of its tax structure to raise additional revenues and concerted efforts to cut down on less essential imports and expand exports.

The estimate in the report is that the gap between foreign exchange requirements of the Second Five Year Plan and foreign exchange availabilities, after taking into account foreseeable assistance from all available sources, would total \$700-\$900 million for the entire period of the Plan (i.e., through March 1961). The IBRD Staff has also made an estimate of the *minimum* uncovered foreign exchange requirement for the next two years alone, based only on the needs of the "hard core" projects on which the Indian Govern-

⁴ See footnote 3, Document 165.

ment is now planning to concentrate. This estimate comes to \$3-\$500 million. Substantial additional foreign aid, over and above that which can now be projected, appears to be necessary if India is to salvage the "hard core" of the Second Five Year Plan.

Any additional reduction in the Indian development program would result in a slower rate of economic expansion and presumably less relief to the Indian unemployment situation. A sharp reduction in the development program would result in a loss of the momentum that has been gained in both the public and private sectors. A failure to achieve a rate of economic development acceptable to the Indian people would tend to weaken moderate elements in India and increase the chances that extremist elements would eventually come to power.

It is in U.S. interest that India should substantially achieve the broad aims of the Five-Year Plan in terms of increases in output and employment, and should continue to make an effective assault upon its development problems. The U.S. should not, of course, engage its prestige in the success of the program. The U.S. should be prepared to consider sound loans, PL 480 arrangements, and other measures sufficient to give substantial help in achievement of the broad aims of the Plan, including the private investment necessary for its realization.

Recommendations

Although United States aid resources of the magnitude which the Indians believe necessary to carry out the Plan are not available at this time, the following measures are recommended as a feasible course of action within present budgetary limitations. It is recognized however that the following recommendations will not cover India's projected requirements and that the Indian economic problem should be kept under continual review by the U.S. Government.

1. Advise the Government of India that the U.S. is prepared to consider providing about one million tons of wheat⁵ under a further PL 480 sales agreement this fiscal year to meet actual urgent shipping requirements through August 1958, and request the Indian Government to provide the necessary information as to the extent and timing of Indian requirements. The information presently available does not seem to indicate any additional need during this period. If sufficient new PL 480 authority is granted by the Congress for FY 1959, consider, in the light of the previous situation, the conclusion of another PL 480 agreement. (The Government of India has requested, in addition to the present PL 480 agreement, a new

⁵ The cost to the U.S. Government about \$114 million. [Footnote in the source text.]

agreement which would involve a substantial increase in the present rate of shipments for the end of FY 1958 and FY 1959).

2. Extend loans from the new Development Fund for sound projects which cannot otherwise be financed. The Indians heretofore had estimated a continuation of United States Mutual Security Program Developmental and Technical Assistance at a rate of \$60 million a year. In the future, with the establishment of the Development Loan Fund, India in all likelihood will have to rely on this Fund for all Mutual Security Program aid other than technical assistance. Even if Indian project submissions prove sound and well documented, development financing from the Fund is unlikely to be at a higher rate than in the past, in view of the cuts made by Congress in the Fund.

3. Encourage the Government of India in its own interest to adopt measures to improve the climate for U.S. private investment in India with particular reference to the granting of favorable tax treatment to private investors and technicians, to more rapid and liberal procedures for the screening of the entry of foreign capital, to removal of reserve deposit requirements, to a more realistic attitude toward royalty arrangements, and to avoidance of competition between government and private sectors. To the extent that investment conditions permit, encourage responsible private U.S. firms to undertake projects in India. Advise the NAC that from the standpoint of national security, it would be appropriate to support the legitimate requests of such firms for credit assistance from PL 480 local currency funds, the Export-Import Bank and from private financial institutions. Consideration should also be given to financing requests from responsible private Indian firms.

4. Advise the NAC that, from the standpoint of national security, it would be appropriate to support acceptable Government of India applications for loans—both in the public and private sectors—from the International Bank for Reconstruction and Development.

177. Memorandum of a Conversation, The White House,
Washington, October 8, 1957, 10:30 a.m.¹

SUBJECT

Indian Finance Minister's Call on the President

PARTICIPANTS

The President
Mr. Krishnamachari, Indian Minister of Finance
Ambassador Mehta
NEA—William M. Rountree

Following an exchange of greetings, the President recalled with pleasure Prime Minister Nehru's visit of last year, during the course of which the two had had an opportunity of discussing at length the Indian development program. He asked the Finance Minister whether he had been encouraged with respect to the possibilities of private investment helping in the development program. Mr. Krishnamachari said that the private banking institutions of course were not prepared to make loans to India, but that there was some interest in investment by industrial firms, although not nearly as much as he had hoped. He said that India had opened a very large sector to private enterprise. The State must do a great deal itself, but private enterprise would have a substantial role to play in the Indian system. A problem was, of course, that the shortage of foreign exchange affected private enterprise as well as State operations.

The President commented generally on the Indian economic requirements, stating that the United States was sincerely interested in helping. The Minister would realize, of course, that the United States had taken on substantial burdens in the last few years and we had many problems of our own, such as the pressure of inflation, tight money, etc. He was pleased that during his meetings in Washington the Minister had been able to get to the State Department and other agencies information which could be used by the United States Government to evaluate the situation, and which might contribute to the preparation of recommendations to the Congress. The President commented upon the problem of persuading the public and the Congress that it was in our national interest to help other nations with their economic problems. The Minister could be sure, the President said, that the aspirations of India were supported by the Administration, but what we would be able to do would depend in large measure upon Congress. We were impressed

¹ Source: Eisenhower Library, Whitman File, International File. Secret. Drafted by Rountree. Enclosed in a memorandum from Fisher Howe to Goodpaster, dated October 9.

with India's first five-year Plan. The President hoped that the Indians would press forward with the second Plan, and would not become discouraged. He observed that for people who kept working, things seemed to work out. He recalled examples in the past where situations for the free world seemed dark and gloomy, but with hard work they soon improved.

The Minister said he was deeply touched with the kindness and courtesy he had received in Washington. He was particularly grateful to the Secretary.²

The President said he felt that he had a substantial understanding of the Indian problem, and had constantly pleaded for an understanding on the part of others. Unlike the United States which gained its independence at a time when it had vast untouched natural resources, India began with a very substantial population with very strained resources. Obviously the problems for India under these circumstances were infinitely greater than those which the United States faced in the early period of its own development. In considering United States cooperation with India, the question often arose as to political differences. While there were differences in our approach to international problems, the United States was cognizant of India's high moral standards, that the Indian Government differentiated clearly between right and wrong, and that India would be unwilling to give up its independence. The Minister commented that our differences in international questions were really not fundamental. India had special problems, as did the United States. India, for example, could well understand "Little Rock"³ since India itself had an extremely difficult problem in "human relations". The important thing was that both countries were trying to work out these problems.

The Minister said he thought one difficulty with which India might be confronted with respect to the question of aid was that its request came at the "tail end" of a 12 year period when the United States extended aid in generous quantities. He could understand the reluctance of the American people to continue this program indefinitely.

The President said that perhaps we were toward the end of a phase in our aid program, but he thought it should be considered

² H.M. Patel told Dillon on October 9 that he, too, was appreciative of the courtesy he had encountered, but was compelled to conclude that no U.S. funds were immediately available to India from existing resources. Dillon assured him that the matter would continue to receive high priority attention. (Memorandum of conversation by Bartlett; Department of State, Central Files, 891.00/10-957)

³ On September 24, President Eisenhower nationalized the Arkansas National Guard and sent Federal troops to the city in response to a crisis stemming from the desegregation of Little Rock schools.

only as a phase. The American people would realize that it was in their own national interest to help others. He felt that the Indian success was not purely a national affair for India, but that it would affect the whole free world. Friendly nations must find better ways of working together and of perfecting means for defending their way of life.

Mr. Krishnamachari observed that he was going to West Germany before returning to India. He commented upon the tremendous progress in Germany which had been facilitated by American aid. He remarked, jokingly, that in some respects he wished the United States had occupied India in 1947. The results of the German occupation seemed to have enabled Germany to make an impressive economic recovery and expansion. The President observed that Germany should be able to help India and wondered if Mr. Krishnamachari would discuss this with the Germans. The Minister replied affirmatively, but did not appear to be greatly optimistic that Germany would be able to do much.

The President and the Minister discussed generally the question of Indian economic potentialities. The Minister mentioned particularly that the Indian production of steel would reach 5 million tons per annum after the present plans are implemented, which will provide enough steel for India's internal needs with perhaps some for export. He said the very great deposits of high grade ore in India and other favorable factors would render it possible for India to produce steel at one of the lowest costs in the world.

In a general discussion of Indo-Pakistan relations, Mr. Krishnamachari emphasized his hope that the Kashmir question would not be permitted to come to a head. He observed that no one in Pakistan was strong enough to assume responsibility for a decision on Kashmir, and that if Kashmir should be lost to India the Congress party would fall from power. His hope had been that India and Pakistan would be able to solve this problem so that they could work together on a broad basis. India should be able to cooperate with Pakistan in common defense, customs, etc. Politics, however, had rendered this impossible in the past. The Minister mentioned Indian concern over arms to Pakistan, which had required India to divert substantial amounts of money to its own defensive requirements in the light of Pakistan's increased capability and in circumstances where it seemed that Pakistan's intentions were hostile to India.

The Minister asked again whether it would be possible for the President to visit India. The President said he would sincerely like to visit India, but his problem was that he had not been able to think of a way to do this without necessitating a trip to many other countries which had invited him. He had talked to the Secretary about this problem on several occasions, as recently as last week. In

the ensuing discussion the President mentioned the possibility of his brother visiting India.⁴ Mr. Krishnamachari was enthusiastic.

After the Minister and Ambassador had left, the President instructed Mr. Rountree to mention to the Secretary the possibility of such a visit by his brother and to ask the Secretary to think about it.

⁴ Presumably Milton Eisenhower.

178. Memorandum From the Deputy Under Secretaries of State for Political Affairs (Murphy) and Economic Affairs (Dillon) and the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) to the Secretary of State¹

Washington, October 16, 1957.

SUBJECT

Financial Assistance to India

Discussion

We met, together with U/MSA and S/P representatives, last Friday² to discuss the Indian aid problem. This memorandum summarizes our conclusions and recommendations.

1. *Basic Decision*—The executive branch should decide now that it favors approaching the Congress for funds to be loaned to India on a scale which would enable that country to complete the hard core of the Second Five Year Plan. The considerations underlying this conclusion are set forth in the attached background statement.³

2. *Means*—Once this basic decision has been taken, more detailed consideration can be given by the Department to the question of how these funds should be sought. E now estimates the gap

¹ Source: Department of State, Central Files, 791.5-MSP/10-1657. Confidential. Drafted by Bartlett and Owen and cleared with Barnes, Mathews, and Claxton. A handwritten notation on the source text, presumably by Murphy, reads: "Believe we should also explore eventual impact of this on Turkey".

² October 11. (Memorandum of conversation by Bartlett; *ibid.*, 891.00-Five Year Plan/10-1157)

³ Not printed. Among the considerations were the appropriate portions of NSC 5701 (Document 5) and NIE 51-57, "Consequences of Economic Crisis in India," approved on October 8 (Department of State, INR-NIE Files), as well as the impact of the visits of the Indian and Pakistani Finance Ministers.

between the foreign exchange available to India from all sources other than the United States and the foreign exchange required to fulfill the Second Five Year Plan at over \$1 billion for the period through March 1961. Two methods of filling at least a substantial part of this gap have been envisaged:

a. We could request special legislation which would authorize re-lending to India over the next three years some or all of the annual dollar repayments on past United States ECA and other loans. These repayments run to around \$350 million annually—not, of course, counting Export-Import Bank repayments. We were urged by some members of the Congress last year to use these repayments for development lending, and we promised to consider this use in requesting FY 1959 mutual security legislation. These re-loans might be earmarked for financing imports for the private sector. Use of some of these repayments for such balance of payments loans could be supplemented by moderate project-type loans to India from a Development Loan Fund of the presently authorized size.

b. Alternatively, we could request a substantial increase in the Development Loan Fund from the presently authorized \$625 million for FY 1959 to a higher figure, which would be justified to the Congress explicitly on the basis of the Indian need and which would permit India's needs to be met largely from this source. Under this alternative we could not, of course, give India the same assurance of continuing assistance over the three-year period as we could under alternative a. Maximum use of the Development Loan Fund would have the advantage, however, of enabling us to make loans which were repayable in local currency, whereas under alternative a the loans would have to be repayable in dollars, albeit over a very long period.

An executive branch choice between these methods (and any others which may be devised) should be based on further inter-agency consideration. To ensure that inter-agency consideration at this stage would be profitable, however, it is advisable that a decision in favor of substantially increased aid to India be taken at the highest levels of the Government.

Once an executive branch decision and a tentative choice as among methods has been made, it will be necessary for the President to discuss the matter with the Congressional leadership. Any proposal for aid to India will be most likely to receive favorable consideration by the leadership if it has the full and open backing of the President. If the leadership advice is strongly against the particular method which we have chosen, the choice of that method can always be reconsidered in the executive branch.

3. *Pakistan Aid*—Whichever means of providing funds to India is chosen, we believe that Pakistan must at the same time be assured of continuing substantial United States assistance, in order not to weaken our ally's allegiance to the Baghdad and SEATO pacts. The means of doing this will, of course, vary according to the method

used for aiding India. If special legislation is to be requested, it might possibly embrace both countries—although the assistance to Pakistan might have to take a somewhat different form than that to India, since Pakistan is not in a position to incur any sizable dollar indebtedness.

4. *Indian-Pakistan Disputes*—We believe that our aid, while not tied to resolution of disputes between India and Pakistan, should be used to assist our efforts to achieve such resolution. We should, for example, explain to both parties that the Congress would be more likely to react favorably to our intended aid proposals to the extent that there were improved prospects of an agreement to halt the arms race and or progress on the Indus water, and Kashmir problems.⁴ This would not be attaching political “strings” to our aid but rather explaining the situation facing the Executive Branch in the Congress.⁵

5. *Governmental Status*—The current Departmental mutual security submission to the Bureau of the Budget includes provision for \$350 million in FY 1959 aid to India, in addition to \$625 million for the Development Loan Fund. The proposal for Indian aid has not been discussed at the Secretarial level with the Treasury Department.

Recommendation

(a) That you authorize Mr. Dillon to discuss this matter in a preliminary fashion with the Secretary of the Treasury.

(b) That you then meet with the President and the Secretary of the Treasury to seek a Presidential decision that the executive

⁴ Dulles circled the words “an agreement to halt the arms race and of progress on the Indus water, and Kashmir problems” and wrote on the source text “Suggest also talks with Pak-Iran-Turkey, & with India on.”

⁵ On October 7 Eric Johnston, then President of the Motion Picture Association of America and formerly a U.S. emissary in the Middle East, met with representatives of SOA to convey Amjad Ali’s opinion that the United States should use its aid to India as a tool to bring about a resolution of the Kashmir and Indus waters problems. (Memorandum of conversation by Smith; Department of State, NEA/SOA/E Files: Lot 60 D 449, Working Group on India—1957) On October 9 Smith wrote to Fluker in New Delhi as follows:

“Probably the most important and the most challenging development in our thinking has to do with the possibility that the situation may present an opportunity for consideration of an over-all settlement of problems between Pakistan and India which would have the effect of lessening tensions, reducing military and other expenditures and improving the over-all security of the subcontinent.”

After outlining the Ali-Johnston discussion described above, he went on to say:

“Obviously if progress could be made on this, it would be much easier to justify large federal assistance to both countries. Do not misunderstand me. Consideration of this possibility is not delaying action on India’s loan request. We are, however, cognizant of the fact that the time may be appropriate for an imaginative and constructive use of U.S. influence in this direction.” (*Ibid.*: Lot 62 D 43, Indian Economy—June–December 1957)

branch will request substantially increased aid to India at the next session of the Congress, with the understanding that the means for providing such assistance will be the subject of further executive branch consideration and Congressional consultations.⁶

⁶ Dulles initialed his approval of both recommendations.

179. Memorandum From the Secretary of State to the President¹

Washington, November 4, 1957.

SUBJECT

Aid to India

I believe that it is desirable to reach an Executive Branch decision concerning aid to India in the near future because of the impact of such a decision on budgetary planning and mutual security Congressional consultations. It would be helpful if a decision could be made before November 13 when I am to submit final official budget estimates to Mr. Brundage.

I enclose a brief memorandum which has been prepared in the Department setting forth our view that substantially increased aid should be provided India during the next three years. This proposal has already been discussed informally with Secretary Anderson and the Vice President, and we will make this memorandum available to them prior to the proposed meeting on this subject.

If an Executive Branch decision to provide India with such aid could be reached in principle, we could then give more detailed consideration to the method and timing of this aid and consult with interested allied governments concerning the proposed aid.

I recommend, therefore, that you meet with the Vice President, the Secretary of the Treasury, and myself in the near future to reach an Executive Branch decision, in principle, concerning aid to India.²

JFD

¹ Source: Eisenhower Library, Whitman Files, Dulles-Herter Series. Confidential. The source text bears the notation "OK" followed by the President's initials.

² See Document 183.

[Enclosure]

SUBJECT

India's Economic Problem

1. India has embarked on an effective economic development program, reflected in the Second Five Year Plan. The private business sector is responding with unexpected vigor.

2. There is a gap of somewhat over \$1 billion between the foreign exchange required to complete even a reduced Second Five Year Plan and the foreign exchange which will probably be available to India during the next three years from all other sources, including foreign exchange drawdowns, the World Bank, other developed countries, private investors, and PL 480. Further study of the Indian economic situation is unlikely to alter this basic conclusion, which has been reached independently by the United States Embassy in New Delhi, the World Bank representative in India, and the Department of State. If anything, this estimate of the gap is believed by these sources to be overly conservative.

3. A National Intelligence Estimate of October 8³ states: "Failure of the (Second Five Year) Plan would hasten the disintegration of the Congress Party and threaten the continuance of democratic government. There is now no other coherent opposition force except the Communists, and they would stand to make important political gains from the collapse of the Congress Party. Success with the Plan would probably permit the Congress Party to retain power in the 1962 elections and would provide the kind of environment in which a moderate conservative party could emerge when and if the present Congress Party breaks up."

4. This estimate is emphatically endorsed by the Department of State and by the United States Embassy in New Delhi. In the last elections, the Communists came to power in the economically depressed Indian state of Kerala. It is feared that if the second Five Year Plan fails they may extend their power to the more populous and strategically situated province of Bengal. This could trigger off a chain reaction which would lead to growing extremism and separatism in other parts of the country. The chances of chaos and a Communist advent to power in the sub-continent would be vastly increased. Loss of this area to Communist control would undermine the West's position throughout free Asia.

5. This is the risk that the United States would run in not extending adequate assistance to India. For if the current gap cannot

³ NIE 51-57, not printed. (Department of State, INR-NIE Files)

be covered from outside sources, the Government of India will have to reduce its imports to such an austerity level that the momentum for economic development will be lost and the second Five Year Plan will fall considerably short of its goals.

6. These considerations led the National Security Council to decide in January that it was in the United States interest that India be able substantially to fulfill the second Five Year Plan, and that the United States be prepared to extend substantial assistance to this end.⁴

7. If this policy is to be carried out, substantially increased United States aid will be required. That aid must be adequate to meet our objectives, if it is not to be wasted. To increase our aid to India somewhat, but not enough to meet the basic need, would be to choose the worst of the several alternatives confronting us.

8. It is concluded that it would be in the United States interest to provide India with somewhere around \$250 million annually in assistance over the period of the second Five Year Plan, i.e., the next three fiscal years, over and above the approximate \$100 million annually which can probably be secured from the Development Loan Fund. There are various alternative means of providing this additional \$250 million annually, each of which would have the same effect on the FY 1959 budget and all of which would require approval by this or the next session of the Congress. A choice between these different methods need not, therefore, precede a decision in principle concerning increased aid to India. This choice can be made, on the basis of more detailed consideration of the alternatives, once that decision has been reached.

9. Once a decision in principle has been reached, it will also be desirable to undertake careful discussions with the governments of Pakistan, Turkey, and Iran. If necessary, of course, our decision could be reviewed in the light of those discussions.

⁴ See Document 5.

180. Study Prepared in the Embassy in India ¹

New Delhi, November 8, 1957.

INDIA, 1957-62, A STUDY

Summary

Purposes

The purposes of the following study are to analyze the over-all situation of India at the beginning of the Nehru Government's second elected term of office and to develop such recommendations for policy action as are suggested by the conclusions to which the study comes.

Basic Assumption

The basic assumption upon which the study rests is that it is to the interest of the United States that India maintain its independence and its free institutions and achieve its long-range goals of internal development. This thesis needs no emphasis here, beyond the general statement that India is and can continue to be a great force for stability in Asia, perhaps in the whole world. It will, indeed, some day have to be the Free World defense in South Asia against Communist Chinese imperialism, if Free World interests are to be safeguarded in Asia. If properly led, and developed internally, it can undoubtedly play this role. Conversely, failure in this regard will have wide repercussions, adverse to United States and Free World interests.

The study is divided into a summary, which presents the picture of India in brief, and supporting annexes which fill in the details.

Highlights and Conclusions

- (1) India has the sources of strength, in resources, manpower, and human ability, to become one of the world's leading powers.
- (2) India's problems are immense but can be solved if time and economic pressures permit.
- (3) India is only ten years old as an independent, sovereign power and can be expected to evolve toward greater political maturity in the next few years.

¹ Source: Department of State, Central Files, 791.00/11-857. Confidential. Extract. Sent as an enclosure to despatch 485 from New Delhi, November 8. The narrative portion, not printed, included an examination of political, economic, psychological, social, and security aspects, in addition to a consideration of India's assets and liabilities. The nine annexes are also not printed.

(4) India is Asian and Indians, no matter how westernized, are Asians and often unpredictable to Westerners.

(5) A totally Western form of government cannot be expected to emerge out of the current transitional stage; it will be more Asian, less efficient than at present in administration, and less influenced by Western thinking from within.

(6) India's policy of non-alignment is expected to be maintained.

(7) As Government's new term begins the country is basically stable politically, has the necessary elements to win its struggle for survival as an independent, economically viable, and democratic member of the world community, but needs time to work out a number of problems.

(8) These problems are (a) political, (b) economic, (c) psychological, (d) social, and (e) strategic, as follows:

(a) Need to develop India's *own* form of democratic structure and free institutions; inheritance of an authoritarian tradition; political party imbalance; deterioration in the Congress Party and uncertainty of the picture after Nehru goes or if Congress splits before he goes; urgency of arresting the spread of CPI power and appeal; unsound labor policies; failure to see the world political picture in true perspective because of inexperience and built-in biases; political challenge of Red China.

(b) Heavy burden of the Second Plan; population pressure; religious customs adding to the burden of food production; narrowness of the base of qualified administrators and staff; need to demonstrate progress to the people; challenge of totalitarian economic system, especially from Red China.

(c) Divisive elements at work: race, language, religion, communalism, regionalism; need for education on the nature and procedures of a democratic society; lack of individual initiative.

(d) Casteism, the joint family and community self-sufficiency, feudalism; lack of educational facilities and media of communication; challenge of the totalitarian ideology, especially from Red China.

(e) Strains with Pakistan; eventual military challenge from Red China; upset conditions in Naga Hills area.

(9) The key to a satisfactory solution of the above is the adequate and prompt development of the Indian economy. Without it there will probably be no satisfactory solution to the country's political and ideological problems as well.

(10) The principal problems India's economic development effort faces are two-fold; the deterioration in the foreign exchange position which threatens India's economic and political stability during the next eighteen months to two years, must be arrested, and economic improvement must be achieved which will be perceptible to the people and at the same time provide a base for future economic development;

(11) These problems can be met by the Government of India but only with outside help.

(12) Therefore it is to the U.S. national interest to extend aid to India. Since India wishes no outright grants, such aid will be in the form of loans, or ordinary investment in the future.

(13) If outside assistance is insufficient or too late and India fails substantially to continue its early progress and improve its people's lot, not only will it suffer a severe, perhaps decisive, blow to its political and ideological foundations, but Red China and its totalitarian system will emerge with added prestige and influence in Asian countries.

Policy Recommendations

The following recommendations are designed to build on and broaden the body of currently operative U.S. policies in the political, economic, informational, and educational fields. They are deliberately restricted to a bare outline of topics, for clarity of presentation, and will be filled out in detail by the Embassy upon request.

The Embassy's policy-action program for India is not confined to the purely economic, for economic aid, though a *sine qua non* and in very high priority, is not enough. It cannot be fully effective unless accompanied by relaxation of political tensions and supported by increase of understanding between India and countries important to it. The following recommendations are intended to reinforce each other:

To lessen Indo-Pakistani tensions

(1) Promote and be prepared to help finance a "package" settlement covering Kashmir, water rights, partition financial problems, reduction in armaments, and minorities guarantee.

(2) Find an appropriate way to reassure Pakistan on U.S. help to it if India attacks, as the U.S. has assured India it will help it if Pakistan attacks.

To improve Indo-U.S. relations

(3) Make a special effort to treat India as a grown-up in the family of nations. This will involve:

(a) Informing the GOI of our reading of facts on important situations (e.g., Hungary, Syria) by messages to Nehru from the President or the Secretary of State in the most important cases, and through Embassy channels otherwise, for which more prompt and thorough informational cooperation from the Department would be required. U.S. failure promptly to give Nehru the facts in the Hungarian case, when Bulganin and Tito personally sent him their own versions of the situation, left the field to the communists and

lost any opportunity there might have been of preventing Nehru from assuming an initial position from which, for reasons of "face", he seems unable entirely to retreat, to the detriment of Indo-Free World relations.

It must be emphasized that a simple compilation or outlining of facts is what is needed in this particular activity. Interpretive comment is usually received by GOI leaders as "cold war propaganda" and so loses value.

(b) Informing and as often as possible consulting the GOI in advance on important major moves of general importance (e.g., American doctrine for the Middle East, disarmament, peaceful use of the atom).

(c) Consulting the GOI in advance on our thinking and proposed action on issues directly affecting India (e.g., Kashmir, Asian Nuclear Center, etc.).

This would not only give needed support to India's nascent, but still inadequate, self-confidence as a nation in world affairs, but might lead to similar cooperation on her part which would be useful to us and unlikely to materialize in the absence of a first move on our part.

(4) Show friendliness by accommodating India on small matters of importance to her, e.g., putting up the Vice President in Blair House, supporting such Indian requests, when reasonable, as a recent one for a short delay in resuming Kashmir debate in the Security Council.

To broaden Indian friendship for and interest in U.S.

(5) Arrange a tour of Asia for President Eisenhower which will include India.

(6) Arrange for the U.S. Congress to invite an Indian parliamentary delegation to visit the U.S. during a session of Congress.

(7) Invite for visits or tours of duty with service units such Indian military personnel as the GOI will permit.

(8) Adapt our Leader Grant program to GOI limitations by giving the programs for personnel we wish to influence the required aspect of educational projects.

(9) Open the Foreign Service Institute, as far as security and administration considerations permit, to foreign service officers of other countries, including India.

(10) Expand USIS information and exchange of persons activities in India to help obtain widest possible understanding of U.S. policies and of the unique quality of U.S. capitalism so that India may more fully understand that it need not fear and can benefit from closer real collaboration with the U.S.

(11) Reconsider the ban on participation in international conferences, such as the Second Congress Party Youth Conference, and other such activities of respectable sponsorship where the communist

countries can be expected to make gains in India at the expense of the Free World if left a clear, uncontested field.

To broaden U.S. understanding of India

(12) Take every possible means of educating the United States Congress and public to a true understanding of India and its importance to the Free World despite differences of opinion on many important issues, e.g., by speeches, congressional testimony, private talks with key Congressmen and Senators.

To strengthen India's economy

(13) Assure the GOI of our best efforts to assure new dollar aid of \$800 million over the next three years through a combination of:

- (a) Development loan fund projects;
- (b) Ex-Im Bank assistance, either through an overall line of credits such as that given to Brazil and the U.K., or by financing specific projects, or both;
- (c) Extra Ex-Im Bank loans by changing wheat loan dollar repayment into rupee repayment;
- (d) Special legislation.

(14) Provide another \$300 million in PL 480 sales (including perhaps \$100 million in FY 1958) to assist in the GOI's battle against inflation and to meet the rupee costs of development, including "labelled" packages, wherein the U.S. will meet the full financing of projects (i.e. dollars as well as rupees).

(15) Develop more flexible criteria in Washington to permit:

(a) Loans financing projects of primarily local political effect (i.e., pro-Congress and anti-communist, e.g., housing and water supply in Calcutta), supplemented by grants from Special Assistance Funds where appropriate.

(b) Handling disaster relief on a pre-planned basis so as to permit prompt announcement of U.S. help followed by early shipment of supplies (Current procedures require that the disaster actually occur before U.S. machinery can be mobilized, so that decisions to help are delayed and supplies may arrive several months after they are needed. Disasters are annual and predictable phenomena in India and helping promptly to meet them would be a major political asset to the United States).

(16) Press efforts to conclude an FCN Treaty, the Double Taxation Agreement, ultimately obtain the remainder of the Investment Guaranty, and encourage the GOI to further favorable actions towards the private sector and foreign private investment.

(17) Actively work to inform U.S. business about investment opportunities and improved investment climate in India, e.g., through the Department of Commerce Investment Survey of India,

official trade missions and exhibits, visits of businessmen, visit of U.S. economic writers to India, etc.

(18) Provide technical and expert advice to the Indian export drive.

(19) Develop a major program in cooperation with the Foundations, AFL-CIO and U.S. private business, to help strengthen the non-communist labor movement in India, by training Indian labor leaders in the U.S. and India, exchanges of visits by labor leaders and education in U.S. labor-management relations. Such a program would probably require establishment of some central machinery in the Department to coordinate the information and work of the Department, the AFL-CIO, the Foundations and private U.S. firms.

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181. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) to the Secretary of State¹

Washington, November 12, 1957.

SUBJECT:

India-Pakistan Disputes

1. You may recall that, in commenting on the memorandum concerning aid to India which Mr. Murphy, Mr. Dillon, and I sent you on October 16,² you indicated we should at an appropriate time discuss the related questions of Kashmir, the Indus River waters, and some form of arms moratorium with the governments of India and Pakistan.

2. In view of your White House meeting today concerning aid to India,³ I thought that you might wish to know that we are about to submit to you a memorandum proposing a confidential Presidential initiative vis-à-vis the governments of India and Pakistan in regard to their outstanding disputes. This memorandum has now been approved by our embassies in New Delhi and Karachi.

3. While we believe that it would be counter-productive to tie our proposed aid to India to the success of this initiative, we also

¹ Source: Department of State, Central Files, 690D.91/11-1257. Secret.

² Document 178.

³ See Document 183.

believe that there is a close relation between these two major proposals:

a. If an Executive Branch decision is taken to aid India, this decision could be communicated to the Government of India at the same time as we approached that Government concerning resolution of India-Pakistan disputes. This should greatly increase the prospects for a favorable Indian reaction to the latter approach.

b. If that approach, in turn, elicits any prospect of a favorable reaction from India and Pakistan before our aid proposal must be submitted to the Congress, this would probably increase the chances of Congressional approval. (This fact, incidentally, would not be lost on the Indian Government as it considered how to respond to our approach toward the lessening of tension between these two countries.)

I therefore believe that this proposal for a Presidential initiative increases both the desirability and the feasibility of our proposed program of aid to India.⁴

⁴ Telegram 1354 from New Delhi, November 22, reported that Nehru told an Embassy official that he favored a package settlement. The major difficulty was to persuade Nehru that the Pakistani Government was prepared to negotiate in good faith and could implement whatever accords were reached. (Department of State, Central Files, 690D.91/11-2257) On November 30, Rountree sent Dulles a memorandum on the subject of the "Possibility of achieving a reduction in tensions between India and Pakistan" by means of the so-called "Package" Deal. This was a modification of the draft memorandum sent to New Delhi and Karachi for comment. See telegram 1030 to New Delhi, Document 63. The revised memorandum incorporated some of the suggestions made in telegram 1225 from New Delhi, November 6. As part of the U.S. "Package," it called for:

"Assurance to India that the executive branch would seek to provide increased assistance to help meet Five Year Plan requirements over the next three years. The Indian Government could be informed that: (i) initially this assistance would take the form of project loans from the Development Loan Fund and perhaps of a substantial Export-Import Bank loan; (ii) eventually other means of providing this assistance, e.g., a request of the Congress for special legislation, might also be considered; (iii) whatever means of assistance were to be employed, they could not be exploited to the full without full Congressional support. Agreement to the settlement should not be a prerequisite to United States aid, since it will be in the United States' interest to provide the aid in any event. But, the Congressional reaction to any future executive branch request for aid would be more favorable if there were some prospect of improved relations between India and Pakistan, and this could be frankly pointed out." (Department of State, Central Files, 690D.91/11-657)

In his memorandum, Rountree suggested that the initial approach might be in the form of an informal call by the respective Ambassadors upon the Prime Minister of each nation. They would carry a Presidential letter stating that the United States, as a friend of both nations, wished to volunteer its services in solving the problem. Rountree noted that both Ambassadors Langley and Bunker concurred in this. He urged the Secretary to develop a negotiating plan to serve as the foundation of discussions between the Ambassadors and the Prime Ministers. Since a moratorium on the arms race was a key objective of the plan, Dulles was asked to approve a recommendation that he discuss the outline of the proposal with Mansfield D. Sprague, Assistant Secretary of Defense for International Security Affairs. (*Ibid.*, NEA/ SOA Files: Lot 62 D 43, India Economy—June-December 1957) Since Dulles was in

182. Letter From the Ambassador in India (Bunker) to the President¹

New Delhi, November 15, 1957.

DEAR MR. PRESIDENT: I am taking the liberty of writing you personally because I understand that the question of the nature and the amount of the assistance to be extended to India will be shortly before you for consideration and decision. I do this only because I think the matter is of the utmost importance.

I have attempted to appraise the situation here as objectively as possible, and I believe that we have come to a moment in history when it is within our power significantly to influence the choice that a great part of the world's population will make between the democratic and totalitarian way of life. If through adequate long term credits India can be reasonably assured of a rate of economic progress under democratic institutions which will, in part at least, meet the expectations of her people, I think her choice of such democratic institutions will be vindicated and that her continuance as a stable democratic country will follow. I believe also that if this takes place in India the rest of uncommitted Asia will follow her example. I am satisfied that India is a good risk and that the money will come back to us with interest.

It is not often that such an opportunity is presented to a nation. If we meet it courageously and generously, I am sure that we and future generations will be greatly rewarded. We have only to consider what our failure to act decisively and in time in the case of China has cost us in treasure and in lives, and what we would be willing to spend to reverse the process there, to find the answer to what we ought to do in India. We differ with India, of course, on many points of foreign policy, but it seems to me that these are not significant when viewed in the context of our overall objectives and our grand strategy in this part of the world.

Paris for the NATO meeting, Acting Secretary Herter approved the memorandum "on the basis that it calls for further more detailed planning and for coordination with Defense but does not yet involve any discussions outside the U.S. Government." Bartlett wrote Winthrop Brown on December 19 that it was thought best to pursue the package despite Nehru's reservations in regard to the stability and responsibility of the Pakistani Government because conditions might not improve for some time and because of the breathing space resulting from improvements in the Indus Water and Kashmir problems. (*Ibid.*)

¹ Source: Department of State, Central Files, 791.5-MSP/11-1957. Sent as an enclosure to a letter from Bunker to Dulles dated November 19 in which Bunker expressed his "hope that you will think the letter useful, and that it will have your approval."

Should your decision be in the affirmative and should you wish it, I shall be glad to return to assist in the presentation of the case to Congress.²

With respect and warm personal regards.

Sincerely yours,

Ellsworth Bunker³

² Herter wrote to Bunker on December 12 to indicate that Dulles had appreciated receiving the letter of November 15 and the covering letter. The Under Secretary said that he shared the Secretary's view "that it was an effective and useful presentation of the vital importance of India to our economic and political objectives in Asia." (*Ibid.*, 791.5-MSP/12-1257) The President replied on December 13 that he hoped "that our decision to give India increased aid under presently authorized funds will help in that country's vital experiment and perhaps also give encouragement to other countries in the region." (Eisenhower Library, Whitman File, International File)

³ Printed from a copy which bears this typed signature.

183. Memorandum of a Conference With the President, Washington, November 12, 1957, 8:25 a.m.¹

OTHERS PRESENT

Vice President Nixon
Secretary Dulles
Under Secretary Herter
Secretary Anderson
Mr. Brundage
Governor Adams
General Goodpaster
Mr. Douglas Dillon (for part of meeting)

[Here follows a discussion of the Tunisian problem.]

Mr. Dulles said the main purpose of the meeting was to discuss the question of a loan to India. He suggested Secretary Anderson might outline the Indian finance situation. Mr. Anderson said that India has put a levy on capital of the order of 10% in some areas. The result is to scare off private investment even though some of their private people, such as Birla when he was here, make a great deal of sense in their plans and propositions. He said India is talking about a \$1.4 billion deficit over the next three years. If we were to provide that kind of money we would have to go to Congress for a

¹ Source: Department of State, Central Files, 711.11-El/11-1657. Personal and Confidential. Drafted by Goodpaster on November 16.

specific loan. Aid to India will be a very hard proposition to sell, because their behavior has been very offensive on the Communist issue, and because they have gone out of their way to insult us on many occasions. Any special program for an individual country, and particularly for India, might have a bad effect on the whole Congressional effort. He said that Gaillard² and the government of France are in deep trouble, and the requirements for aid are substantial.

The President asked if Germany could not lend the Indians some money. Secretary Dulles said the Germans have shown some disposition to do something like this, and their attitude is rather encouraging. He suggested the President talk to Adenauer about this at the Paris meetings.

Mr. Dulles said that the proposal for a loan to India has implications all across the map. The impact on Turkey, Iran, and Pakistan will be great—they will be deeply offended if we give major aid to India while they are so much in need, when they have been supporting us while India has been working against us.³ The Indian military program is quite extravagant. They are buying Canberra bombers from the UK, saying they must do so because we are providing bombers to Pakistan. (This is untrue, Mr. Dulles said, and he said he had so informed Bevan,⁴ who had indicated Nehru had told him just the opposite.) Mr. Dulles went on to say that India has a very bad internal situation—the Communists are gaining power in several of the provinces, and this scares off private funds. He did not consider it likely that the Soviets would give massive loans to India. What is likely to happen is disintegration with the Communists taking over a piece at a time. Secretary Anderson said that if we gave the Indians the loan they are seeking, we would simply be covering their trade deficit with Germany and their purchase of bombers from Britain. He agreed that we should talk with the Germans about their trade balance with India. Mr. Dulles recalled our efforts to shift the Indian bomber program from Russia to Britain, and said that he felt the Soviets would pick up the bomber program if Britain dropped it. India wants bombers, not because Pakistan has them, but because Pakistan has none, and they can thus threaten Pakistan.

² Félix Gaillard, Premier of France.

³ On November 23, Dulles told Pakistani Foreign Minister Feroz Khan Noon that while the United States was not pleased with many aspects of India's foreign policy nevertheless it would not be good for the free world, and specifically Pakistan, if India turned to the Soviet Union for assistance. He stated that no final decision had been made on the aid question and termed any probable assistance relatively modest. (Memorandum of conversation by Bartlett, November 23; Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

⁴ Aneurin Bevan, British Labour Party leader and Member of Parliament.

The Vice President asked what a program might be that would not require special legislation. Mr. Dillon thought it might be possible to prevail on the Ex-Im Bank for a bigger loan than they now plan, and it could be a balance of payments loan for purchases in the United States for the private sector. Secretary Anderson said that if we carried on aid to India at our current level, gave them \$200 million from the Ex-Im Bank, and they drew down their reserves and got some aid from outside, perhaps Germany, they could squeak through. Mr. Dulles recalled that we had given them grain under PL 480 for a three-year period, and Mr. Dillon brought out that they had used this up in twenty-one months.

The Vice President surmised that if we were to do this, Turkey and Pakistan would immediately be in for aid. If we do not, the cost will be disintegration of India and its orientation toward the Communists. He said that if we do not work out something in this matter, the propaganda effect of such disintegration would be very heavy and adverse throughout Asia.

Mr. Dulles, in commenting on any idea of special legislation, said that the danger of a spectacular defeat in Congress is very great. He thought it was better to pick up bits and pieces, slow down the military program, and get the Ex-Im Bank to put up additional funds. The President said he would be glad to meet with the people concerned at the NATO session in Paris.

Mr. Dulles summarized the outcome of the meeting as follows: We will not go to Congress for a special grant; we will try to break the problem down into parts; we will try to get the Germans to cover the Indian trade deficit with them; we will try to cover our deficit through the Ex-Im Bank, perhaps \$200 million, we will try to provide \$50 million or so from the development fund; we will talk with them about the bomber question; and we will talk with them about their internal condition which impedes the flow of private funds. The President confirmed this, and said that we should discuss with the UK what we are doing.

A.J. Goodpaster⁵
Brigadier General, USA

⁵ Printed from a copy which bears this typed signature.

184. Memorandum of a Conversation, Department of State,
Washington, December 24, 1957¹

SUBJECT

Aid to India

PARTICIPANTS

Mr. C. Douglas Dillon, Deputy Under Secretary for Economic Affairs
Mr. G.L. Mehta, Ambassador of India
Mr. Frederic P. Bartlett, SOA

The meeting was arranged at the request of the Indian Ambassador who had only returned to Washington on December 19. The Ambassador opened the conversation by inquiring about recent developments in connection with United States economic assistance to India.

Mr. Dillon explained that the Executive Branch was continuing to consider the general problem and that the Export-Import Bank was making a particularly intensive study of it. Mr. Dillon had seen Mr. Waugh yesterday. The latter had told Mr. Dillon that he hoped to be in a position to talk with the Indian representatives about mid-January. Mr. Dillon understood that the Government of India had a group of experts who might be available to discuss the matter in Washington and believed that the Executive Branch might be ready to receive them about January 13. The discussions would involve developing a coordinated approach to India's needs not only with the Export-Import Bank and the Development Loan Fund, but also with the IBRD.

Ambassador Mehta then outlined briefly the sequence of newspaper stories that had appeared in the Indian press while he was in that country, concluding that there was real concern in his country over the prospects of assistance from the United States and that he hoped we would be able to say something officially and publicly in the near future. Mr. Dillon replied that we might perhaps be able to say something to Prime Minister Nehru prior to the arrival of the Indian experts, but that this would require careful preparation, particularly in view of the fact that the Export-Import Bank, an independent agency of the United States Government, was of course involved.

Ambassador Mehta asked whether thought had been given to seeking a special appropriation from the Congress. In reply Mr. Dillon explained that certain Congressional leaders had been con-

¹ Source: Department of State, Central Files, 791.5-MSP/12-2457. Confidential. Drafted by Bartlett.

sulted and that, although there were differences of opinion among them, on balance the Executive Branch had decided that it might be best to attempt to cover India's needs for this year from existing resources. This did not mean, Mr. Dillon continued, that we could not go to Congress next year. For several internal reasons it was believed that the general atmosphere might be better for Congressional consideration next year. Ambassador Mehta stated that he understood that every Government must, of course, consider its own domestic political situation, pointing out that in India certain political groups in opposition to the Congress Party were criticizing the Indian Finance Minister for having come back from Washington "empty-handed". This group, which included the Indian communists, would be only too happy to have American aid to India not materialize.²

After again assuring Ambassador Mehta that we would consider trying to get a message to Mr. Nehru prior to the arrival of the Indian experts, Mr. Dillon stressed that it would be most important for the Indians to come prepared to discuss the commodities which India might be able to buy in the United States during the next fifteen months or so. He noted that this might require some changes in timing of contemplated future purchases in order to utilize all the funds within this period of time. Whether the Export-Import Bank's contemplated assistance could be termed a "line of credit" was to some extent a question of wording. The Export-Import Bank, of course, was not anxious to set a precedent which could be seized upon by other countries, so that a method might have to be worked out whereby funds would be made available for lists of industries, for railroads, for highways, etc.

In reply to direct questions, Mr. Dillon explained that the Executive Branch was thinking in terms of Export-Import Bank loans of between 150 and 200 million dollars and projects under the Development Loan Fund which might total between 50 to 75 million dollars. The amount of Export-Import Bank loans, however, would depend upon whether India could suggest enough commodities to absorb the amounts contemplated. This, Mr. Dillon noted, was a question for negotiation. Mr. Dillon also confirmed that the Executive Branch would be talking to Congressmen about the conversion of India's Wheat Loan repayments from a dollar to a local currency basis. He didn't expect any real difficulty, however, for the Executive Branch had the authority to do this. However, this was one

² Rountree told Mehta on December 30 that disagreements between the United States and India on a number of questions complicated the problem of a request to Congress to enact special aid legislation for India. (Memorandum of conversation by Smith; *ibid.*, 601.9111/12-3057)

reason why the Executive Branch believed it might be better to postpone going to the Congress for a separate appropriation for India during this session. Any assistance under P.L. 480, Mr. Dillon concluded, would be in addition to assistance from the sources previously mentioned.

In connection with India's foodgrain needs, the Indian Ambassador confirmed that India would receive about 7 million dollars worth of wheat from Canada under the Colombo Plan and was now negotiating with Canada for commercial purchases of 100 million dollars worth of wheat with payments deferred for five years. The Ambassador also stressed worldwide shortage of rice. He stated that in India riceless days were being instituted and that the Prime Minister was setting the example of cutting down on rice consumption by not including any rice dishes in his own menus.

Replying to a query whether he had talked with representatives of any other government regarding India's economic needs while he was in Paris, Mr. Dillon indicated that United States representatives had discussed this question with the Germans. The Ambassador then noted that the Indians were also talking to the Japanese about it and that both India and Japan were now seriously pushing the Orissa iron ore project. He also noted that Mr. K.B. Lall, a very senior official in the Indian Ministry of Commerce, would be coming to the United States to discuss possibilities of barter arrangements under P.L. 480 and of expanding tea and jute sales in the United States. Mr. Dillon said that he was extremely pleased to hear of these developments.³

³ Mehta told Acting Secretary Herter on December 30 that India was at a crossroad. Should the Indian Government not be able to demonstrate to the Indian people over the next two years that it could make the second Five-Year Plan succeed then the danger loomed of a switch away from the democratic approach to both government and economic development. (Memorandum of conversation by Bartlett; *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199)

PAKISTAN

UNITED STATES CONCERN WITH POLITICAL AND ECONOMIC INSTABILITY IN PAKISTAN; IMPLEMENTATION OF THE MILITARY DEFENSE ASSISTANCE AGREEMENT OF 1954¹

185. Memorandum on the Substance of Discussions at a
Department of State-Joint Chiefs of Staff Meeting,
Washington, January 14, 1955, 11:30 a.m.²

[Here follows a list of 27 persons present, including Admiral Arthur W. Radford, General Nathan F. Twining, Admiral David B. Duncan, H. Struve Hensel, Robert Murphy, John D. Jernegan, and General Charles P. Cabell.]

I. ADMIRAL RADFORD'S TRIP

Mr. Murphy stated that he understood Admiral Radford might be willing to give the meeting the Admiral's views on his recent trip to the Near and Far East.

1. *Implementation of Aid Agreements*

Admiral Radford replied that one thing we would have to straighten out was the matter of the red tape hampering our military aid program. Mr. Hensel asked the Admiral to elaborate. Admiral Radford said that when General Ayub of Pakistan had been in the U.S. some months back, we had given him certain assurances and had sent him on his way back feeling fine. But when the Admiral saw him in Pakistan two months later, there was a hassle over how the money was to be made available.³ There was confusion as to the

¹ Continued from *Foreign Relations, 1952-1954*, vol. XI, Part 2, pp. 1818 ff.

² Source: Department of State, State-JCS Meetings: Lot 61 D 417. Top Secret. A note on the title page reads: "State Draft. Not cleared by any of the participants."

³ These discussions between Radford and Ayub Khan concerned implementation of the Mutual Defense Assistance Agreement between the United States and Pakistan, which had been signed at Karachi on May 19, 1954, and entered into force on that same date. It stipulated that the United States would provide military aid and training to the Pakistani armed forces. The text of the agreement is in 5 UST 852.

Under the terms of an aide-mémoire given to the General on October 21, 1954, the United States agreed to meet deficiencies in the Pakistani Armed Forces by providing (a) screened equipment requirements for 5½ divisions of the Army; (b) 12

responsibilities of the Ambassador, and as to the relevant responsibilities of FOA and the State Department. Were counterpart funds to be used for direct military aid, or were they to be used for economic aid? What proportion was to go to each? All this added up to delay and confusion. The Pakistanis were bewildered and wanted to know what was the matter.

Mr. Murphy interjected that the Pakistanis probably did not lose the opportunity to play one agency against the other.

Admiral Radford added that not only that, but also the Pakistan Finance Minister,⁴ for example, would present problems to the FOA country team which the team was not qualified to handle.

Mr. Jernegan noted that the main problem was the lack of competent staff for FOA, but that progress was being made along this line. He added that Mr. Jack Bell was soon to go out there as Chief of the FOA Mission, and that Mr. Bell was very well qualified. Replying to the Admiral's inquiry, Mr. Jernegan said that the present incumbent was leaving.⁵ The new Deputy Chief of Mission,⁶ Mr. Jernegan added, also had economic background, and could be expected to improve the situation.

On the other hand, Mr. Jernegan said, there was a lot of trouble over legislative provisions: troubles with the program involving the use of surplus agricultural products as a means of contributing aid; and limitations on the manner of granting aid. As many as six different agencies, Commerce, State, Treasury, FOA, Budget and Defense were involved.

Admiral Radford said that the point was that the President would tell some foreign official that they could have 30 or 40 million dollars, and that then there was general confusion as to how to implement the program.

Mr. Murphy pointed to difficulties on this score with respect to Yugoslavia and the promise of 250 tons of wheat to that country.

Admiral Radford said that there were three countries where he thought this problem was most acute; Turkey, Thailand and Pakistan. If we are going to hedge our offers, he said, we should make that clear from the very start to the foreign officials concerned. Just before he left Pakistan, Admiral Radford said, instructions were received by the Embassy regarding the use of counterpart funds which was not what the Pakistanis wanted. All this, he emphasized,

vessels including 6 destroyers and 6 minesweepers for the Navy; and (c) 6 squadrons of aircraft for the Air Force. For the text of this aide-mémoire, as well as extensive documentation concerning the negotiation of the military aid agreement, see *Foreign Relations, 1952-1954*, vol. XI, Part 2, pp. 1869 ff.

⁴ Chaudhri Mohammed Ali.

⁵ Ralph R. Will.

⁶ James C. Baird.

was not doing us any good, and only caused us to lose any good will we might have gained by instituting the program in the first place.

Mr. Jernegan agreed. Mr. Murphy pointed out that this was a problem which Mr. Dodge's committee⁷ was now studying.

Admiral Radford concluded that this problem was the worst situation he had run into on his trip.

2. *Pakistan Political Situation*

Admiral Radford said that he had stayed with Governor-General Mohammed Ali in Karachi, but hardly saw him, since the Governor-General was in bed.⁸ He was, the Admiral said, a very sick man, and might drop off at any time. If he does go, there was certain to be a struggle for power within the country. General Mirza, the Admiral understood, was the No. 2 strong man, but in the Admiral's opinion the best man was General Ayub. Mr. Jernegan said that he did not know General Mirza, but that the specialists in the Department think that General Mirza, who definitely expects to be Prime Minister one day, is more competent than General Ayub. The Admiral said that that very well might be, but as far as honesty and directness is concerned, Mirza was no match for Ayub. Further discussion prompted the Admiral to recount that during the recent government crisis in Pakistan involving Prime Minister Mohammed Ali, the Governor-General was prepared to name Ayub as Prime Minister, but that it was Ayub himself who persuaded the Governor-General to keep Ali. Mr. Jernegan said that, as a matter of fact, both Generals Ayub and Mirza had persuaded the Governor-General to keep Ali.

Commenting further, Admiral Radford said that Prime Minister Ali was not the man we would want to have stay in

The Admiral emphasized that Pakistan was a potential ally of great importance, and that meanwhile from the military point of view, they have a trained armed force which no other friendly power can match, not even the Turks.

[Here follow discussion on developments in the other countries visited by Admiral Radford; analysis of current trends in Formosa, Korea, and Japan; and consideration of several matters affecting the Asian region as a whole, such as the upcoming Afro-Asian Conference at Bandung, Indonesia.]

⁷ Reference is to the Council on Foreign Economic Policy, chaired by Joseph Dodge.

⁸ Mohammed Ali was the Prime Minister of Pakistan; Ghulam Mohammed was the Governor-General.

186. Memorandum for the Record by C.C. Kirkpatrick of the Office of the Assistant Secretary of Defense for International Security Affairs¹

Washington, January 18, 1955.

The Pakistan Ambassador, Syed Amjed Ali, requested an appointment with Admiral Radford. The appointment was arranged for 1530 today, Tuesday 18 January. Present were Admiral Radford, Captain Kirkpatrick, the Pakistan Ambassador and the Pakistan Attaché, Brigadier M.G. Jilani.

The Ambassador asked if Admiral Radford discussed recent Pakistan military maneuvers with anyone while the Admiral was in Karachi. The Admiral replied that he heard of the maneuvers and that they were successful; that he thought Brigadier General Sexton, USA, had attended; but that he had not discussed this subject as such with anyone. The Admiral explained that his time in Karachi was short and that most of the talks were with the American Ambassador and his staff, US-MAAG personnel and Pakistan officials concerning mutual problems and understanding, mainly in the area of U.S. assistance programs. The Ambassador then wanted to know if the various ramifications of the assistance programs were found in order and if, on the U.S. side, we had made up our minds as to the details of the program. He said that Pakistan had now signed both agreements under our Laws PL 665² and PL 480;³ the former had been signed several days ago and the latter was signed yesterday, 17 January. He said that he was very happy that Pakistan was the first country to sign both agreements; especially so, since it was sometimes difficult for the people not acquainted with our legal processes, to intelligently comprehend the "ins and outs" of the working mechanisms. The Ambassador also wanted to know if we, the U.S., had settled on the military assistance program as a whole. Admiral Radford then scanned a paper before him which was a brief of Pakistan military assistance program situation as of now, and then informed the Ambassador that this year's program seemed to be well in hand and well on the road to complete resolution. The Admiral informed the Ambassador that the U.S. did have a complete program

¹ Source: Department of State, Central Files, 611.90D/1-2155. Top Secret. Colonel John L. Throckmorton of ISA forwarded a copy of this memorandum to Nicholas G. Thacher, under cover of a memorandum of January 21.

² The Mutual Security Act of 1954, P.L. 665, approved on August 26, 1954. (68 Stat. 832)

³ The Agricultural Trade Development and Assistance Act of 1954, approved on July 10, 1954, was designed to help dispose of U.S. agricultural surpluses by increasing the consumption of U.S. agricultural commodities abroad. (68 Stat. 454)

of military assistance for Pakistan and that we were working from that program; that the present information was available both to Pakistan officials and U.S. officials in Pakistan. The Admiral explained that this complete program was not necessarily the final version since desirable changes as time went by might be suggested by either the U.S. or Pakistan and would, of course, be adopted if agreed to by both.

The Ambassador then brought up the subject of completion of a Pakistan Armory (arms and/or ammunition factory). He wondered if this subject had been discussed; and in particular in the light of possible U.S. assistance in this regard if this Armory seemed advisable. Admiral Radford said that the subject had been mentioned while he was in Karachi; that no military discussions were held; that he understood a Survey Team was to go to Pakistan shortly to look into this matter and report; this matter was being considered but no decisions had been made. The Ambassador and the Attaché both confirmed their understanding that a U.S. Team was shortly to look into this matter.

The Ambassador then said that he understood from the newspapers at the time of Admiral Radford's visit to Karachi, that Admiral Radford had made statements to the Press to the effect that Pakistan had a most important part to play in SEATO.⁴ Admiral Radford explained that he really did not remember making such a statement; that his only contact with the Press was for a very short period at the airport upon arrival; that if he did make such a statement in substance, it no doubt was in reply to questions asked by newsmen and not an "off the cuff" declaration of Pakistan's importance to SEATO. The Admiral said that often his answers to questions appear out of context and that for example, immediately after his return to Washington he was quoted widely in the newspapers as having again advocated a blockade of Communist China. The fact of the matter was that he made no such comment or recommendation. The Ambassador smiled and said, yes, he understood how things were twisted from time to time. Admiral Radford then explained that it had been gratifying to see Pakistan sign the SEATO Pact and that, of course, her membership was important to all.

The Ambassador then gave a brief of his ideas concerning SEATO. He said that apparently there were two schools of thought as to security against Communist encroachment. First, there were those peoples and countries who tended to accept the Communist word and who avoided defensive measures and mutual security

⁴ Pakistan was an original member of the Southeast Asian Treaty Organization formed by the Southeast Asian Collective Defense Treaty, signed in Manila September 8, 1954, and entered into force February 19, 1955. (6 UST 81)

arrangements since they believed or feared such actions would antagonize the Communists. These people might eventually feel it better to join than to resist. Then, on the other hand, there were those people and countries like Pakistan, who believe in appropriate defensive measures and believe and hope for sound mutual security arrangements. The Ambassador expressed concern that SEATO, so far, had not provided definitive security arrangements. He thought that SEATO, so far, lacked strength in that there had been no clear cut agreements as to when action would be taken; how it would and could be taken; and to what extent SEATO members would be supported by the rest of the Free World. He seemed to think there was danger in words without conviction and in security arrangements which did not clearly indicate a will to resist if need be. He said that the U.S. and the Free World were well organized and in sound condition in Europe and, through recent arrangements in the Middle East, in that locality also. However, he pointed out that we, the U.S. and the rest of the Free World, were in very bad shape in Southeast Asia and the Far East. He was firmly convinced that definitive arrangements were now an urgent necessity. In particular, whereas he held great hope for SEATO, he thought it most important that the coming SEATO meetings at Bangkok⁵ definitely should produce some clear understandings at the Ministerial level which would give strength and meaning to SEATO. Admiral Radford was silent for a moment, and then explained that whereas he understood the Ambassador's concern, the Admiral felt that the problems stated by the Ambassador were properly problems on the political and diplomatic levels and that the military were only advisers. The Admiral stated that the military problems were relatively simple when compared to political, diplomatic, and economic problems. In the military area we could always see what it would take and how a job would have to be done. It was true that the execution of the military decisions might involve many complex problems, but in that area we pretty well knew what could and could not be done and how. Militarily speaking, we had built up strength around the world; that strength was still growing; the use of that strength is something else again. The Admiral concluded that he too hoped the Bangkok meetings of SEATO would be fruitful.

The Ambassador then said he had fears concerning the Asia-Afro conferences and he pointed out that Burma seemed to be drifting toward Communism. In particular, he said that at one time he had thought the Prime Minister of Burma⁶ would eventually

⁵ The First SEATO Council meeting was scheduled to be held at Bangkok, February 23-25.

⁶ U Nu.

come around and join SEATO, whereas now it seemed fairly clear that the Prime Minister and Burma were drifting toward the Communists. Admiral Radford said, yes, that he too had hoped Burma would join SEATO.

The Ambassador expressed his appreciation for the conference, said his "goodbye's" and departed.

C.C. Kirkpatrick⁷
Captain, USN

⁷ Printed from a copy which bears this typed signature.

187. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, January 29, 1955—2:03 p.m.

1038. State-FOA-Defense telegram. Appreciate general comments your 921² and look forward at end month your detailed

¹ Source: Department of State, Central Files, 790D.5-MSP/1-855. Secret. Drafted by Fluker and Colonel D.M. Gordon of the Office of Foreign Military Assistance, ISA; cleared with FOA, NEA, and ED; and approved by Jernegan.

² In telegram 921, January 8, Ambassador Hildreth offered some general comments regarding the question of using Pakistani counterpart funds generated under Public Laws 480 and 665 for military purposes. He complained that Washington, although it had no greater information than the country team and was at some remove from the problem, "should consider itself in position to settle issues of Pakistan military counterpart requirements once and for all by making allocation of funds part of aid agreements now ready for signature." The Ambassador emphasized that there was obviously no disagreement between the country team and Washington on the central point that the heart of the U.S. problem in Pakistan was how to coordinate the military program with economic development so that "we end up with military establishment useful United States objectives this area and substantially within ability of Pakistanis to support." He also pointed out that a "squeeze play" might be shaping up, whereby the Pakistanis would endeavor to secure the maximum possible commitment of counterpart funds for economic development and then produce a large additional bill for military requirements as a commitment which the United States was bound to honor. Accordingly, Hildreth recommended that the Pakistanis be reminded that the funds generated by the U.S. economic aid programs represented the total U.S. contribution to Pakistan for the fiscal year and that there was no possibility of finding any additional funds to cover military requirements. (*Ibid.*)

response questions Deptel 804.³ Following Washington comments regarding your numbered paragraphs:

2. While Washington not in best position determine Pakistan military requirements, it with Embassy advice must be in position determine amount US funds to be available for given programs. Embassy aware that law and appropriate agency interpretation requires specific aid agreement references to military. High level Washington determination based on all present complex considerations set amounts mentioned in agreements. Amounts specifically noted in agreements do not mean that actual military requirements can not be less than amount mentioned, nor that FY 1956 allocations can not deviate from above-mentioned specific FY 1955 figures.

4. Commend your alertness to possible squeeze play. Note that it possible for squeeze play come from either direction, i.e., on economic development side or on military requirements. Heartily support tenor your "preferable statement" of position to Pakistanis, but wonder whether it not more desirable in view US belief that GOP can not stand additional military expense amend first sentence of statement to note that additional expenditure must be within capabilities US appropriations and allocations, i.e., that additional expense connection effectuation MDAP must be kept to absolute minimum consistent with objectives of program and that GOP must cooperate this endeavor. Washington heartily supports remaining sentences verbatim.

5. Believe rupees 41 million support estimate shows determined effort MAAG keep support figures within effective reasonable levels. We interpret your last sentence to mean that rupees 41 million is full 12 months estimate expenditure of which will possibly overlap with additional expenditures which may be required in connection with FY 1956 MDAP.

6. (Also paragraph 1 Embtel 975⁴) Commend agreement GOP authorize military expenditure immediately. This should be helpful in moving all programs forward. We concur your approach regarding no prejudgment use PL 665 counterpart.

Last sentence paragraph 6. Of \$20 million acceleration fund, about \$5 million already allocated Air Force program. Balance of fund is possible source of increased foreign exchange requirements

³ In telegram 804, December 18, 1954, the Department requested Hildreth's recommendations regarding implementation of the Military Defense Assistance Program in Pakistan. (*Ibid.*, 790D.5-MSP/11-1254)

⁴ In telegram 975, January 19, Ambassador Hildreth reported a recent conversation with Chaudhri Mohammed Ali regarding problems connected with the use of counterpart funds for military purposes. Paragraph 1 of the telegram reported that the Pakistani Finance Minister had agreed to make approximately \$14.4 million worth of P.L. 480 funds available immediately for defense purposes. (*Ibid.*, 790D.5-MSP/1-1955)

resulting from MDA program, including counter-inflationary imports if needed. However, Defense desires program maximum portion this fund for military hardware as soon as practicable. Therefore, keeping in mind increased foreign requirements and possible inflationary impact MDA program, request your views and reasoning on desirable breakdown \$15 million remaining funds. In this connection, MAAG has been advised consider possibility offsetting portion increased foreign exchange requirements by inclusion in MDA program eligible items that would otherwise be purchased outside Pakistan.

Hoover

188. Memorandum by the Assistant Secretary of Defense for International Security Affairs (Hensel)¹

Karachi, February 17, 1955.

CONFERENCE IN KARACHI WITH GENERAL SEXTON AND
AMBASSADOR HILDRETH

1. General Sexton felt that equipment was coming into Pakistan just about as rapidly as Pakistan could absorb it and, therefore, did not feel that there was any real resentment on the part of the Pakistani over our slowness in carrying out our promised programs.

2. The major problem being encountered by the Country Team was the division of money between economic aid on the one hand and direct forces support and defense support on the other hand. General Sexton felt that the Pakistani needed increased pay to its officers and men, better subsistence and better housing and he was constantly struggling for such aid against suggestions the money should be spent for additional irrigation which the country obviously needs badly. The members of the Country Team felt that the conflict between these types of expenditures had not been adequately resolved at the Washington level and that they had no real

¹ Source: Department of State, Central Files, 790D.5-MSP/2-1755. Secret. Hensel was in Pakistan as part of a tour of several Asian and Middle Eastern nations. The trip, which lasted from February 6 to March 10, was undertaken in order to assess the defense needs of the countries visited and evaluate U.S. military aid programs. A handwritten notation on the source text indicates that it was seen by the Secretary of State.

guidelines as to the relative importance of increased military strength and increased economic capability to decide the priority of such claims on our aid.

3. There is no doubt that Pakistan needs direct forces support. I have seen military encampments where the men are living in tattered and torn tents which compare very unfavorably with some of the ramshackle huts built, particularly in the Middle East, by the various Arab and Pakistani refugees. Furthermore, I am advised that practically the entire Pakistan Army is under canvas of that type. On the other hand, the country needs irrigation very badly. Most of the land is barren desert with a few green spots very conspicuous because of their infrequency. This was very noticeable in the flight from Iran to Karachi and from Karachi to Peshawar.

4. It was perfectly obvious that no member of the Country Team had any clear idea of the part Pakistan was expected to play in the defense of the Middle East or whether that role would be developed into an important one. There was continual reference to the fact that Admiral Radford favored increased military strength in Pakistan, but no one seemed to know precisely why except that Pakistani obviously make reliable fighting soldiers. At the same time, it seems quite clear that Pakistan regards the Indian threat as much more serious to Pakistan than the Russian or Communist China threats. The Pakistani Army is now deployed along the Indian border and all tactical and strategic planning by the Pakistani center on Indian problems as having first priority. If Pakistan is to be expected to supply forces for fighting outside its borders, it seems probable that Pakistan will not regard itself as having any excess until it has at least four, and more probably five, fully equipped and well trained divisions. Furthermore, if Pakistan is expected to supply troops outside its borders, someone will have to provide the necessary transportation and logistical support. Furthermore, it seems unlikely that such transportation and support could be provided within time to permit the Pakistani to participate in the defense of the Zagros mountain passes. If it is thought that Pakistan can contribute to the defense of Southeast Asia, it should be remembered that practically all of the military strength of Pakistan is concentrated in West Pakistan and that the transportation of forces from West Pakistan into Southeast Asia would require a trip around the entire country of India and back up into the Southeast Asia territory.

5. It, therefore, seems to me most important that some plan be developed which will outline the military role expected of Pakistan and permit us all to move in that direction.

6. I saw in Ambassador Hildreth's office for the first time a copy of the aide-mémoire which was given to the Prime Minister of

Pakistan at the time that the proposed \$29 million program was increased to \$50 million.² Such aide-mémoire mentions (and commits the U.S. to) a program of \$171 million over three years and promises to use the United States' best efforts to accelerate that program. This is one of the rare—if not the only—instance in which we have disclosed to a recipient country the precise amount in dollars of our programmed aid. While I think this disclosure was a mistake and I have not yet been able to discover the theory in aid of which the disclosure was made. I am afraid the commitment to Pakistan is rather firm and cannot be modified in time or amount without causing dissatisfaction. Nevertheless, in view of such commitments, we must face rather squarely the amount of money we intend to provide for Pakistani aid during fiscal year 1956 and make such amount known to Congress.

H. Struve Hensel³

² See footnote 3, Document 185.

³ Printed from a copy which bears this typed signature.

189. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, March 5, 1955—5 p.m.

1251. Embtels 1132² and 1181.³ Appreciate thoroughness your analysis present GOP constitutional crisis. Department realizes existence number major uncertainties current situation such as Governor General's ill health, Suhrawardy's⁴ maneuvering et cetera. At same time our objectives in Pakistan including maintenance stability seem favored by present basic pattern, i.e. control of country by able group determined establish workable political structure for Pakistan and anxious cooperate US. In view foregoing would not seem likely our advice could contribute significantly to improvement fundamentals of situation.

Moreover in developments taking place at the moment we believe it desirable avoid giving advice or exerting pressure since problems involve appraising motives and intentions principal Pakistani participants. Department would hesitate put US on record as

¹ Source: Department of State, Central Files, 790D.13/3-555. Secret. Drafted by Thacher and Jones and approved by Jernegan. Also sent to London and repeated to New Delhi.

² In telegram 1132, February 25, Ambassador Hildreth recapitulated the main elements of Pakistan's present constitutional crisis which began in September 1954 when the Pakistani Constituent Assembly passed a bill designed to curtail the powers of the Governor-General. Ghulam Mohammed then proclaimed a state of emergency, dismissing the Constituent Assembly. A Pakistani Federal Court was subsequently empowered to decide whether Ghulam Mohammed's action was legal. Regardless of the decision made by the court, the Embassy was convinced that the present government would take whatever action was necessary in order to confirm its hold on power. In concluding this lengthy analysis of the crisis, the Ambassador offered the following assessment:

"In sum, Embassy convinced of following points: 1) Present regime has will and strength to stay in power, regardless outcome of Federal Court decisions; 2) promulgation of new constitution desirable, in any event, and will probably occur regardless of court decision; 3) precarious state Governor General's health makes early action to clarify succession imperative; 4) desirable for Pakistan and United States stake in Pakistan that regime maintain itself by methods which have at least appearance of legitimacy, and that new constitution be adopted by method which does not set Pakistan off too sharply from community of democratic nations; 5) this last condition can be most effectively met if government secures favorable decision from court; difficulties in event of unfavorable decision such that if government warned in advance, it might be justified in forestalling action by promulgating constitution at once." (*Ibid.*, 790D.13/2-2555)

³ In telegram 1181, March 4, Ambassador Hildreth reported that the Pakistani Federal Court ruled that the dispute was political and suggested that the parties settle the issues themselves. In the Embassy's view, Hildreth pointed out, a solution which permitted the continuation of the present government while retaining constitutional forms would be the most desirable outcome of the present imbroglio. (*Ibid.*, 790D.00/3-455)

⁴ Huseyn Shaheed Suhrawardy, a prominent Pakistani political leader.

favoring possible compromise whose nature still uncertain and which might depend for success on sincerity Consenbly elements who may still be desirous embarrassing and obstructing leaders present regime.

However in discussing possible evolution of events with Pakistani leaders believe you might say we would be happy see any progress which could be made toward solution present difficulties in amicable manner provided it did not threaten stability of regime. US and world opinion would react favorably to any developments pointing toward return democratic constitutional structure.

While Governor General's death before establishment new constitution might create threat to continued unity of ruling group would hope situation could be met by Queen's prompt appointment of successor. Assuming as seems probable cooperative attitude toward US on part of new incumbent believe we should be prepared move quickly to show US support and recognition.

Suggest London attempt obtain Foreign Office appreciation current internal situation Pakistan. Would also be helpful if Embassy could discover British reaction possible Pakistan request appointment new Governor General following Ghulam Mohammed's death.⁵

Hoover

⁵ In telegram 3962 from London, March 10, the Embassy reported that the Commonwealth Relations Office was satisfied that the Pakistani Government was in capable and friendly hands and had considerable popular support. There was little that the U.K. Government could appropriately do to aid Pakistan in its present difficulties, the Embassy noted. Moreover, it would be an unprecedented step for the United Kingdom to volunteer advice since that would constitute interference in the internal affairs of a Commonwealth government. (Department of State, Central Files, 790D.13/3-1055)

190. National Intelligence Estimate ¹

NIE 52-55

*Washington, March 15, 1955.*PROBABLE DEVELOPMENTS IN PAKISTAN ²

The Problem

To estimate probable developments in Pakistan over the next several years with emphasis on its economic prospects and likely political stability.

Conclusions

1. After more than two years of recurrent crises, political power in Pakistan has been openly assumed by a small group of British-trained administrators and military leaders centering around Governor-General Ghulam Mohammed and his two principal associates, Generals Iskander Mirza and Ayub Khan. The regime favors a strong central government, economic development through austerity measures and foreign aid, and close alignment with the US. (Paras. 9-14, 21)

2. We believe that the present regime will remain in power at least through 1955 and probably considerably longer. Its firm control of the armed forces will almost certainly enable it to discourage or if need be defeat any attempt to challenge it, and it is unlikely to allow itself to be ousted by political maneuvering or legal challenges to its authority. Although East Pakistani provincialism will continue to pose serious problems, we do not believe that separatism will become a major threat. (Paras. 15, 22, 28)

3. At least for several years, however, the regime will probably be handicapped by a lack of organized political and popular support and even more by the thinness of its top leadership. Moreover, within the ruling group there are differences of view which could

¹ Source: Department of State, INR/NIE Files. Secret. National Intelligence Estimates were high-level interdepartmental reports appraising foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the CIA, approved by the IAC, and circulated under the aegis of the President, appropriate officers of cabinet level, and the members of the NSC. The Department of State provided all political and some economic sections of NIEs.

² According to a note on the cover sheet, the following intelligence organizations participated in the preparation of this estimate: the CIA and the intelligence organizations of the Departments of State, Army, Navy, Air Force, and the Joint Staff. All members of the IAC concurred with this estimate on March 15 with the exception of the representatives of the Atomic Energy Commission and Federal Bureau of Investigation, who abstained on the grounds that the subject was outside their jurisdiction.

become serious. The death of the ailing Ghulam Mohammed—which might come at any time—would probably not lead to the fall of the regime, but it would severely test the ability of Mirza and Ayub to keep their associates in line and their opponents under control, and might compel them to rely more openly on the armed forces. Should Mirza and Ayub in turn be removed from the scene, a many-sided struggle would probably follow. This might give rise to another, basically similar, authoritarian regime or it might result in serious internal disorganization and perhaps a weakening of Pakistan's present alignment with the US. (Paras. 16, 23-26, 47)

4. The Communist Party of Pakistan, with an estimated strength of only 1,500-3,000, poses little threat to the government. (Para. 20)

5. Presently programmed US economic assistance will alleviate Pakistan's immediate economic difficulties. In time, given substantial foreign aid and a settlement of the canal dispute with India, Pakistan has fairly good prospects of increasing agricultural production, and possibly of achieving self-sufficiency in the important field of textiles. At best however, Pakistan is unlikely to do much more than keep its head above water and will probably be a recurrent petitioner for economic assistance for a number of years. Cessation of US aid during this period would necessitate substantial readjustments in economic policy, probably including reductions in development and defense expenditures. (Paras. 36-39)

6. Under the present or any similar regime, Pakistan will almost certainly continue to cultivate close ties with the US, if only because of Pakistan's urgent need for US economic assistance and its desire for US military and diplomatic support to strengthen its position against India. Pakistan's present regime will probably cooperate with US efforts in the further development of anti-Communist defense arrangements in both the Middle East and Southeast Asia. It is not likely, however, to commit any more than token forces outside Pakistan territory unless its armed forces are considerably strengthened, its economy improved, and its fear of India greatly reduced. In the event of a general war, Pakistan would recognize that its interest and obligations lay with the West, but unless directly threatened, it would probably seek specific Western protection before overtly departing from nonbelligerence. (Paras. 40-41, 43, 53)

7. Although a settlement of the Kashmir dispute remains highly improbable, Pakistan's relations with India are unlikely to worsen critically under the present regime. In fact, prospects are reasonably good for an eventual settlement of the canal waters dispute and various lesser controversies. Even if present tensions abate, however, Pakistani-Indian relations will be marred for many years by underlying animosities. (Paras. 44-45)

8. Pakistan has strained its economic resources to build up its military capabilities, primarily for defense against India. However, these capabilities are seriously limited by logistical shortcomings and by deficiencies in equipment and technological skills which would require a long-sustained and costly effort to overcome. We believe that the present leadership would be favorably inclined toward US peacetime development of air bases for US use, but actual agreement to such development, and the extent of the rights which Pakistan would give the US for use of bases, in peace or war, might depend on the regime's current assessment of Indian, Soviet and domestic political reactions, and the extent of US aid and guarantees Pakistan might expect to receive. (Paras. 48, 50-55)

[Here follows discussion of these points in numbered paragraphs 9 through 56.]

191. Memorandum of a Conversation, Karachi, March 30, 1955¹

PARTICIPANTS

Prime Minister Mohammed Ali
Foreign Secretary J.A. Rahim
Ambassador Hildreth

SUBJECT

Military Aid

In conference with the Prime Minister and Foreign Secretary yesterday, Wednesday, March 30, among several subjects covered, the Prime Minister raised the question of military aid, saying apparently his people and mine were at loggerheads over the number of men the United States would support and the size of divisions. I replied, "yes" that was so, and quickly reviewed with complete frankness the talks General Sexton, General Brown and I had with Ayub and his staff in Rawalpindi recently, and also the conversation

¹ Source: Department of State, Central Files, 790D.5-MSP/3-3155. Secret. Drafted by Hildreth. Transmitted to the Department as despatch 612, March 31.

I had had with Mirza and Ayub, covered in despatch no. 608² being pouched in the same pouch as this despatch.

In summary, I told them that there was disagreement and I expected there would be more of them, but I had told Ayub and I was telling them that I thought it was time we stopped chasing our tails and somebody made some firm decisions as to a limit on both manpower and dollars and how much of the dollars would be diverted from economic aid through using counterpart funds to achieve the military goal. Admittedly, Ayub would probably be disappointed but in order to stop Ayub and the Finance Minister scrapping and in order to stop ourselves scrapping I was advising our Defense Department to set a definite limitation in answer to these questions. I told the Prime Minister that all that had been promised him while he was in the States would be forthcoming, but it might not achieve what Ayub wanted, and, as the money was not available to achieve what Ayub wanted, I thought it was in the interests of both our countries to get on with what could be accomplished instead of constantly holding up getting the program started in the hopes that it could be expanded.

The Prime Minister, harassed with many other problems, seemed almost to find relief in my decisiveness and indicated that he was no more interested than I was in arguing with his military people about the size of the division. He seemed resigned to the fact that if our military people could not agree on the size of the divisions that Pakistan would still get what was promised in the way of dollars, but would not come up with as many divisions as Ayub wanted if the size of the divisions were going to be as large as Ayub wanted.

I then went on and commented that some of our people could not make sense out of the Pakistan military requests for some things from the U.S., such as uniforms, which our people, particularly General Sexton and General Brown, thought they could make right here in Pakistan, thus saving the dollar exchange for things that they could not make here. Furthermore, this policy, in addition to saving dollar exchange, would give employment and better economic conditions in Pakistan. The Prime Minister seemed to wholeheartedly concur in this line of reasoning and I went on and commented that

² In despatch 608, March 31, Ambassador Hildreth reported that Mirza and Ayub had informed him that they did not want any support for military aid to come out of economic funds or counterpart funds because that only made the rest of Pakistan angry at the proportion of funds the military was receiving. The Ambassador countered that there was no money to accomplish what had already been agreed upon as desirable objectives unless the United States used counterpart funds. Hildreth told Ayub that the Department believed he was "trying to squeeze too hard" and that if he did not settle on a program at the present time, he would be risking the cooperation that he had received up to date. (*Ibid.*, 790D.5-MSP/3-3155)

we are not without some suspicions that there was an inclination in some Pakistan military circles to favor procurement of some stuff outside rather than making it here because there was more chance for a rake-off. I was careful to say we were not certain of this but, on the other hand, we were not free from suspicions. I, furthermore, told him that our military people both in Pakistan and in the U.S., from what I had seen in papers going over my desk, felt that the Master General of Ordnance was very poorly equipped to deal with his job.

All the above was reported to General Sexton and General Brown a few minutes ago and they expressed great pleasure and satisfaction that I had spoken as frankly as I had and on the subjects I covered with the Prime Minister and emphatically stated their belief that if the Master General of Ordnance was gotten out of the picture it would save tremendous sums of money for both Pakistan and the United States.

Horace A. Hildreth

192. Telegram From the Embassy in Pakistan to the Department of State ¹

Karachi, April 1, 1955—7 p.m.

1384. Joint Embassy-USOM message. Suggest reconsideration of expenditures US aid funds worldwide procurement, even though some concern expressed that if dollar trade is increased because of United States support funds either business might suffer decline when support withdrawn or might tend generate pressures to prolong United States support. While advantages policy apparent many areas, improved economic position industry free world nations makes this policy less important than formerly. Position United States trade Pakistan has been hampered by dollar shortages which have prevented normal acquaintance United States products. Thus continued world procurement policy will tend perpetuate abnormally low level United States trade. It will also inhibit investment United States capital, encouraging greater purchases United States products could

¹ Source: Department of State, Central Files, 790D.5-MSP/4-155. Confidential.

tend to establish markets and consumer demand such products and make investment private capital bigger and more attractive.

Hildreth

193. Telegram From the Department of State to the Embassy in Pakistan ¹

Washington, April 15, 1955—7:19 p.m.

1656. Arguments advanced Embtel 1384 ² seriously considered. However following reasons support world-wide procurement policy:

1. U.S. foreign economic policy as stated President January 10 ³ is support of "foreign economic program that will stimulate economic growth in the free world through enlarging opportunities for fuller operation of forces of free enterprise and competitive markets." World-wide procurement policy integral part of programs adopted to serve self-interest U.S. well as country receiving aid by making sure U.S. aid funds used procure largest amounts suitable goods possible. Benefits to third countries are by-product and not primary purpose policy.

2. Aid program Pakistan provides dollars that can be used purchase U.S. equipment that can compete on price and quality basis with that produced elsewhere. In 1954 U.S. exported 12.76 billion dollars goods outside aid programs. World-wide procurement policy no way changed responsibility U.S. missions to aid U.S. businessmen in bringing advantages their products attention potential buyers but we believe continuing export surplus is proof U.S. products can and do compete and do not need special subsidies. Also Federal Government currently financing specific programs such as for participation Trade Fairs and market development programs financed through P.L. 480. Limitation aid programs to U.S. commodities apt create resistance rather than open reliable markets for U.S. goods.

3. No tied loan or grant program required to make sure dollars in aid program will eventually be used buy U.S. goods.

¹ Source: Department of State, Central Files, 790D.5-MSP/4-1555. Confidential. Drafted by Martha M. Black, of TAD; cleared with E, NEA, S/MSA, and FOA; and approved by Herman H. Barger, Chief of the Commercial Programs Branch, TAD.

² *Supra*.

³ The President's report on the activities carried on under P.L. 480 is printed in House Document 62 (84th Cong., 1st sess.).

4. World-wide procurement policy has had salutary political well as economic effects. Particularly appreciated by countries with long history colonial or dependent status. Abandoning program at crucial moment our relations with underdeveloped areas most inadvisable politically. Soviet propaganda distorting surplus agriculture disposal program claiming we only desire dump our products on rest world. World-wide procurement policy has been evidence our good faith providing aid program designed get most for aid dollars and in U.S. commercial policy promote multilateral competitive international trade.

Concur desire foster U.S. private investment and markets Pakistan but do not believe suggestion in line long-range interest broadening total foreign market for U.S. goods nor consistent President's January 10 policy. Further it could not be applied in individual country as Pakistan without serious adverse effects our relations other countries. FYI Dodge Council now studying U.S. procurement policy. Results when available will be transmitted.

Dulles

194. Editorial Note

On June 13, Colonel Robert W. Duke, USA, Military Assistant to Hensel, sent a memorandum to Brigadier General James K. Wilson, Jr., USA, Director of the Office of Military Assistance Policy, requesting an explanation for the slow delivery of military equipment to Pakistan. According to Duke, Hensel wanted to know why Pakistan had been accorded a lower priority than other Asian countries in terms of the Military Defense Assistance Program. (Memorandum from Duke to Wilson, June 13; Department of Defense, OASD/ISA Files, NESA Records, Pakistan)

In response, Wilson, on June 25, summarized the United States commitment to Pakistan under the program. Of the total \$34.2 million in military aid allocated to Pakistan for fiscal year 1954, he explained, \$7.9 million had been delivered as of March 31, 1955, and the military departments expected to complete delivery of the fiscal year 1954 program by December 1956. Wilson stated that under the present Joint Chiefs of Staff statement of priorities for the peacetime allocation of military equipment, approved by the Secretary of Defense, Pakistan was in the third priority. As a result, he noted,

some delay in the delivery of certain military equipment had been experienced. "The Pakistan government is having economic difficulties in raising the additional troops required to properly use all this equipment," he added. "An increase in priority which would result in an acceleration of deliveries would add to these difficulties and would establish a requirement for increased economic aid." Wilson thus concluded this memorandum with the recommendation that deliveries to Pakistan be continued at the scheduled rate and under priorities as presently established. (Memorandum from Wilson to Hensel, June 25; *ibid.*)

195. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, June 30, 1955—3 p.m.

2082. Joint State-FOA-MAAG-USIS. For some months now we have conducted holding action here, trying to stem mounting tide of Pakistan dissatisfaction with slowness of progress in implementation MDAP. On basis our understanding US commitment to Pakistanis, which agreed in all respects with statement p. 15 OCB outline plan of operations on NSC 5409, May 18,² and delivery schedules furnished MAAG Pakistan we were confident that program would shortly begin to move convincingly. Strong and widespread as criticism was, we felt it would evaporate and be forgotten as soon as equipment began to arrive in significant quantities and reasonable progress in implementation of program was registered.

We are now seriously disturbed at indications of deliberate slow-down in whole program of deliveries. National intelligence estimate number 52-55 dated March 15, 1955³ stated (paragraph 54) "it is estimated that the present MDA program for Pakistan Army will take 5 years or more to complete." Slowdown of FY 1954

¹ Source: Department of State, Central Files, 790D.5-MSP/6-3055. Secret.

² Page 15 of the OCB outline plan included a summary of the specific terms of the U.S. commitment to provide Pakistan with \$171 million in military assistance, as set forth in the aide-mémoire of October 21, 1954. The outline plan, not printed, is *ibid.*, OCB Files: Lot 62 D 430, Box 1376, Pakistan. NSC 5409, "United States Policy Toward South Asia," approved by the President on March 6, 1954, is printed in *Foreign Relations, 1952-1954*, vol. xi, Part 2, p. 1089.

³ Document 190.

deliveries reported DA 983570⁴ seems to indicate that program now proceeding on this calendar.

We do not know what considerations of availability or policy have prompted this apparent departure from commitment which US Government saw fit to provide Pakistanis in writing in October 1954 that every effort would be made to attain program in less than 3½ years originally planned, but we feel we must warn of serious political consequences such decision will have in addition to unfortunate military results described MAAG Pakistan 90701.⁵

As Embassy has repeatedly pointed out, group who have held power in Pakistan for past 2 years are more favorable to US and free world interest than any possible alternative in sight. They took Pakistan boldly into free world camp, and have cooperated effectively with US in international sphere. They are publicly identified with this policy, and their position in Pakistan depends in considerable measure on its success.

Political skirmishing prior to elections to new Constituent Assembly graphically demonstrated this proposition and importance it may have in future developments here. Most powerful organs opposed to ruling group singled out public disappointment over US performance under military and economic aid programs as their most vulnerable spot. Criticism of poor performance under these programs was sharp and fairly general through opposition press, and slanted more against government than against US. Some articles implied GOP had sold Pakistan for mess of porridge; others took line that US deliberately holding back because of dissatisfaction within stability of country's political situation and undemocratic character present government. Government felt necessary defend itself against these attacks, and statements were made by General Ayub, Minister of Defense, and Said Hasan, Secretary Economic Affairs, general tenor of both being that though programs had moved somewhat slowly so far, substantial deliveries would soon arrive.

⁴ This telegram from the Department of the Army to MAAG Pakistan, June 1955, reported that the fiscal year 1955 MDAP program for Pakistan had not yet been appropriated. (Department of Defense Files)

⁵ In this telegram to the Department of the Army, July 13, General Brown suggested that the slowdown in the delivery of end items to Pakistan which had been included in the 1950-1954 MDAP "may have serious repercussions." He pointed out that the extension of the program, which was to have been completed by June 30, 1955, to June 30, 1956, "will seriously interfere with the implementation of the phased mil buildup of the Pak Army." The equipment which had been received so far, he pointed out, was inadequate for equipping a single unit of any type to be raised under the appropriated force goals. Brown recommended that a program expediting to the greatest extent possible the delivery of military equipment be placed in effect without delay. (*Ibid.*)

Elections to Constituent Assembly have left ruling group in central position,⁶ with reasonable prospects of retaining power, though this will certainly be diluted by need to strike bargain with non-Muslim League elements and to broaden base of Cabinet. Their position by no means as strong as it was, and any vulnerabilities will be vigorously exploited by opposition.

Under these circumstances, we consider obvious slow-down in delivery schedule reported DA 983570, and protraction of total army program over 5 years or more as predicted NIE study bound to have unfortunate consequences. It is too early yet to assess long-term prospects following Assembly elections, but it seems entirely possible that if these facts become generally known this might seriously impair ability of group to influence Assembly. At the least it is certain to be serious embarrassment to them and will probably disillusion them with US. If they ride out opposition attacks and retain control in spite of them, their disposition to cooperate with US will probably diminish considerably.

These developments appear particularly untimely at juncture when Ayub has just been persuaded to agree Pakistan adherence to Turk-Iraq-UK pact.⁷ As Washington well aware, he has been far from happy with program as described October aide-mémoire. His reactions when informed that in recognition pact adherence US has decided stretch out program to 5 years or more will be difficult to cope with.⁸

Hildreth

⁶ On June 21, a new Pakistan Constituent Assembly was elected.

⁷ Reference is to the Baghdad Pact, a Pact of Mutual Cooperation signed by Iraq and Turkey on February 24, 1955. The United Kingdom joined shortly thereafter, and Pakistan became a member on September 23, 1955. For text, see *United Nations Treaty Series*, vol. 233, p. 199.

⁸ In joint State-Defense telegram 113 to Karachi, July 16, drafted by Thacher and approved by Allen, the Departments of State and Defense emphasized that the present schedule for shipments of military equipment to Pakistan involved no change in the U.S. commitment. "Pakistan retains same priority it has enjoyed," the telegram continued. "No slowdown being carried out or contemplated. Responsible Washington agencies continuing base planning on adherence program outlined October 21 Aide-Mémoire and will strive effect deliveries within 3½ year period." (Department of State, Central Files, 790D.5-MSP/6-3055)

196. Memorandum From the Operations Coordinator (Bishop) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Allen)¹

Washington, July 28, 1955.

For your information, there is quoted below an excerpt from my preliminary notes on yesterday's OCB meeting:

*"Pakistan 1290-d Report"*²

"Mr. Hoover referred to the State Department position presented in . . . the Pakistan paper and asked for Defense's comments. Mr. Anderson replied that 'here is another case in which we are spending money not for purely military or internal security purposes'. He emphasized that Defense felt that we need to know what we are buying and what we are getting for our money; that in this case we will not be spending this money for purely military purposes and we should recognize it as such. Mr. Hoover then remarked that while he had not been in on the development of the Pakistan program from the beginning, it had been his impression from his talks with people in Defense that the military felt that two countries in the Middle East were particularly well suited to military investment on the part of the United States. These two countries were Turkey and Pakistan. Mr. Anderson agreed entirely and said that in the case of Pakistan we are spending money faster than it could be absorbed for military purposes. The very time required for training soldiers to use this equipment prevented its effective use for military purposes at such a rapid rate. It was agreed to include the substance of the Department of State's position as a subparagraph"

MWB

¹ Source: Department of State, Central Files, 790D.5-MSP/7-2855. Secret.

² On December 21, 1954, the National Security Council directed the Operations Coordinating Board to develop a program for providing assistance to countries such as Pakistan that were considered vulnerable to communist subversion. This program, which was brought into being by NSC Action No. 1290-d, was designed to help those countries to develop indigenous forces adequate to combat any internal security threats. For NSC Action No. 1290-d, see *Foreign Relations, 1952-1954*, vol. II, Part 1, p. 844, footnote 10. The report, entitled "Analysis of Internal Security Situation in Pakistan and Recommended Action," was completed on January 4, 1956; it is in Department of State, OCB Files: Lot 62 D 430, Box 1376, Pakistan.

197. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, August 12, 1955—4 p.m.*

272. US interests in current political turmoil GOP suggests desirability appraisal current situation and appropriate measures and attitudes US Government should adopt pending stabilization of Cabinet structure.

Current situation: Mirza and Prime Minister Chaudhri Mohammad Ali² have publicly indicated wish include Suhrawardy and Awami leaguers in Cabinet, and have privately reaffirmed this is their wish and that offer to Suhrawardy is open for next ten days. (Assume offer is conditioned to some extent on receipt assurances from Suhrawardy of his cooperation.) Ambassador has told Mirza, and it will be made clear to Suhrawardy by others, that US has no objection inclusion Suhrawardy in high Cabinet post.

Embassy considers best long-run interests of Pakistan will be served by coalition three parties and inclusion Suhrawardy during present sessions of CA and pending prospective national elections; desirable have one-unit³ legislated on non-partisan basis; sessions of CA that follow in constitution drafting should be guided by non-partisan Cabinets; Suhrawardy's talents and cooperation as legislator could be of utmost importance if effective steps are to be taken in combatting probable amendments one-unit legislation and devising constitution; his presence in government would ease strain on Prime Minister whose health is well known subject concern. At this critical period Pakistan development, and pending establishment of a constitution, probable new adjustments in party politics, common sense and patriotism all call for submergence of party politics and struggle for personal position. (This may be unrealistic, but it is nonetheless desirable and worth trying for.)

While fully understanding necessity avoid US involvement in internal politics through any public stand, fact is that US relationships so important to Pakistanis that complete non-involvement impossible. If Embassy officers ignore Suhrawardy, for example, for next two weeks this may well be interpreted here as official policy indicative disapproval of his inclusion in Cabinet; if he is cultivated

¹ Source: Department of State, Central Files, 790D.13/8-1255. Secret. Repeated to London, New Delhi, Dacca, and Lahore.

² Chaudhri Mohammed Ali became Prime Minister on August 11, replacing Mohammed Ali.

³ An administrative plan to amalgamate the four provinces of West Pakistan into a single province, designed primarily to balance the political relationship between East and West Pakistan.

by Embassy even on purely social basis, interpretation of US approval may be placed on such actions. Conclusion, in light our appraisal is that (1) we should encourage Suhrawardy through third parties to take Cabinet post under new Prime Minister, protecting our public position at all times. (2) Embassy officers should make some effort to maintain pleasant personal social contacts with Suhrawardy.

If Department differs from above course please advise.⁴

Hildreth

⁴ The Department did not reply to this telegram. On August 22, Jones sent a memorandum to Allen which evaluated the new Pakistani cabinet. "The combination of General Mirza and Chaudhri Mohammed Ali," he suggested, "represents a top leadership very friendly to the United States." (Department of State, NEA Files: Lot 58 D 545, Pakistan)

198. Despatch From the Embassy in Pakistan to the Department of State¹

No. 150

Karachi, August 26, 1955.

REF

Embassy Despatch No. 152 of Aug 26, 1955;² Joint State-Defense tel 113³

SUBJECT

Gap Between Policy and Performance in MDA Program to Pakistan

Attachment 1 of this Despatch reproduces a memorandum addressed to me by the Chief of MAAG, Pakistan.⁴ Despite the assurances contained in Joint State-Defense telegram 113 this memorandum reports that MAAG has recently received additional information concerning fund availabilities and delivery schedules which indicates we will come nowhere near meeting the United States commitment of last October to complete the MDA Program in three and one-half years or less. Chief MAAG estimates that at the currently indicated pace the program will be extended to six or even eight years.

¹ Source: Department of State, Central Files, 790D.5-MSP/8-2655. Secret.

² Dated August 26, not printed. (*Ibid.*)

³ See footnote 8, Document 195.

⁴ Dated August 25, not printed.

The accompanying Embassy Despatch No. 152⁵ emphasizes the view of the Country Team that the effective implementation of the MDA Program here is essential to the success of United States politico-military objectives throughout the Middle East. These considerations are important and I believe should be taken fully into account. In my personal capacity as Ambassador to Pakistan I am even more concerned, however, with the impact of the Program's implementation on the effectuation of our policy objectives within Pakistan.

I believe in this connection that the carefully considered opinions of the Country Team in late June, forwarded in Embtel 2082,⁶ merit review at this time. (For convenience in distribution, I include this message as Attachment 2 of this Despatch.) The assessment contained in this message of the effects of elections to the Constituent Assembly on the position of the pro-United States group which aligned Pakistan with the free world have been borne out by events to date. This group remains in a central position, but their effective power has been reduced. And they are vulnerable to attack in the event the MDA Program should fall appreciably short of expectations.

These views are reinforced by consideration of the position in the new Government of those most directly involved in the Washington conversations of last October which defined the scope and timing of the MDA Program. Chaudhri Mohamad Ali has become Prime Minister. Mohammed Ali will shortly become Ambassador to Washington. Amjad Ali will probably be appointed Finance Minister. General Ayub, though relinquishing his Cabinet post, continues as Commander in Chief of the Army, and final arbiter of the destiny of Cabinets.

These men have been among the most powerful friends of the United States in Pakistan. I believe that their continuance in positions of power, and their continued friendliness toward the United States are important to our policy objectives here. I am deeply concerned with the effect on their position and on their feeling toward the United States of the indicated retardation and protraction of the MDA Program of which I have been advised by the MAAG Chief.

I do not know the basis on which the funding arrangements and delivery schedules reported by the MAAG Chief have been decided, nor the level on which they have been reviewed and confirmed. I cannot believe, however, that these several items which added together seem to amount to a repudiation of a written commitment

⁵ Not printed.

⁶ Document 195.

entered into at the Governmental level reflect a considered course of action. Because of the serious impairment to our position in Pakistan and to our policy objectives from the Middle East through Southeast Asia, which would inevitably result from this apparent breach of faith should it become known, I have on my responsibility requested the MAAG Chief to withhold information concerning these developments from Pakistan Defense officials pending the arrival of authoritative guidance from Washington. I now urge in the strongest possible terms that the whole problem be reviewed in Washington at a responsible level, with the object of bringing implementing measures clearly into line with commitments and basic policy statements.

Horace A. Hildreth

199. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, September 15, 1955—3 p.m.

499. Joint Embassy-ICA-MAAG message. MAAG has been advised by DOD that total MDA program Pakistan will be limited to \$171 million, of which Army share about \$75 million, Navy \$30 million, Air Force \$65 million. Message confirms feeling country team has had for some time now that either we do not adequately understand objectives of US policy Pakistan or Washington has radically different appreciation of factors here and actions required to achieve policy objectives. So long as this situation of doubt and confusion obtains it is obviously difficult for US Government function effectively. Purpose this message to state our understanding basic US objectives and our estimate of effect DOD decision will have on realization these objectives and to assist Ambassador Hildreth's talks Washington. Would appreciate being advised points at which our understanding or views at variance with Washington.

1. Objectives. (These derive principally from OCB outline plan of operations on NSC 5409.)²

¹ Source: Department of State, Central Files, 790D.5-MSP/9-1555. Secret; Priority. Repeated to Cairo for Bell. Ambassador Hildreth left Pakistan on September 12 for a 1-month visit to the United States; Gardiner was Charge.

² See footnote 2, Document 195.

a. Military. To realize JCS Force goal of five and one-half divisions and four fighter squadrons (OCB). This force to have mission of internal security and defense of homeland (Meyers report).³

b. Economic. To get firm, stable, economic, base in Pakistan, and in time make country self-supporting. Must be careful to balance military and economic aid (OCB).

c. Political. Want strong, stable, responsible and friendly government. Must therefore encourage and support present ruling group (OCB).

2. Effect of DOD decision on attainment of objectives.

a. Military. Chief problems relate army. Detailed analysis MAAG shows \$75 million funding ceiling will enable raising two infantry divisions to effective combat efficiency. Two infantry divisions will remain at reduced strength, lacking artillery, transportation and some support and basic units. One armored division can be brought limited combat strength but will be short anti-aircraft protection, personnel vehicles for infantry and division transportation. Corps troops will be limited reconnaissance, signal, engineer and maintenance units far below level required support five and half divisions. All these units will be seriously short transportation total; total five and half division program with minimum corps supporting troops requires induction 40,000 officers and enlisted men; equipment provided under \$75 million program will justify induction only 18,000 officers and enlisted men. Upon completion program within indicated funding ceiling Pakistan Army should have capability preserving internal security, provided no disturbances country-wide dimensions occur. However, will be inadequate protection homeland and borders Pakistan against attack either from north and west or south and east.

b. Economic. Principal deficiency not covered by projected MDAP is army transport. If Pakistanis should leave this deficiency uncovered, effect would be shortly to immobilize entire Pakistan Army. We are convinced Pakistanis cannot and will not permit this. Aside considerations minimum defense requirements which no Pakistan leader can disregard, simple fact is that present regime in large measure rests on army support. Doubtful without this support Mirza would now be Governor General.⁴ When faced with choice between requirements security and economic development, we believe they will have no option but to choose security. Result will be increase Pakistan defense budget and diversion scarce foreign exchange from economic to military use. Laborious plans and projects planning board, drawn on assumption that defense expenditures will not exceed present level will have to be discarded and attainment firm, stable economic base and conditions self-support will have to be deferred indefinite future or abandoned. Only alternative would be

³ Brigadier General H. Meyers headed a U.S. military survey team which went to Pakistan in March 1954 and prepared a report on the proposed U.S. military aid program.

⁴ Mirza was appointed Acting Governor-General on August 6 replacing Ghulam Mohammed who had taken a 2-month leave of absence due to ill health.

increase economic aid in degree sufficient compensate for Pakistan diversion of funds from economic to military sector. This seems hardly intended by OCB direction that economic and military aid should be carefully balanced.

c. Political. Not possible assess extent of political damage with any accuracy, but there are number probable results, all discouraging. Will place problem of major magnitude before new Cabinet now struggling hard to keep government going on constitutional basis and generate momentum economic development. Give uneasy coalition on which government based and known bias of Bengali element this problem will certainly not be disposed without friction. Strong likelihood that friction will be sufficient to kindle sparks, and in explosive political situation here, these very hazardous. Chances of present government continuing on legitimate basis and giving country adequate constitutional system, not over-bright on most favorable assumptions, will be considerably worsened. Any US plans based on prospect of significant Pakistan contribution to general political stability and to security arrangements Middle East Southeast Asia will require drastic revision.

Repeating this message Cairo for Bell's comments.⁵

Gardiner

⁵ Not found in Department of State files.

200. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, September 19, 1955—4 p.m.

519. Recent political developments portend situation of increasingly uneasy equilibrium between Pakistan's leaders and potential leaders. Embassy believes Ghulam Mohammed can never hold office again; Mirza logical successor, his appointment imminent without fanfare and without crisis.²

Embassy doubts that Mirza will prove capable of filling Ghulam Mohammed's position as leader Punjabi group at least in immediate future. Expect basic differences temperament ideologies of individuals within group will be sharpened.

¹ Source: Department of State, Central Files, 790D.00/9-1955. Secret; Priority. Repeated to London, New Delhi, Lahore, and Dacca.

² Mirza was appointed permanent Governor-General on September 19: he was officially sworn in on October 6.

PM Ali and Mirza as two principal leaders ruling group have fundamentally different approaches to basic political problems confronting nation. Mirza thinks in simple political terms; PM in complex. Mirza believes Pakistan requires strong hand (even mailed fist) indefinitely, and with Ayub concurring has used at least tacitly threat of force obtain own position and reportedly used it again to coerce PM Ali into accepting Prime Ministership. PM recognizes need for strong government but believes in constitutional procedures and need for government to be founded ultimately upon consent. Though he acquiesced to recent pressure in accepting his position and swallowing second rate Cabinet colleagues, he has convictions of his own and determination effect them. Opposition elements as well as some Muslim Leaguers (Gurmani, *et al.*) cognizant inherent potential conflict Mirza and Ali; political maneuvering can be expected for some time to come as individuals attempt decide how align selves in furthering their ambitions.

Current government coalition tenuous will be severely strained coming weeks. Suhrawardy and Awami leaguers are pledged defeat coalition; will endeavor discredit United Front in Bengal, will not be squeamish in tactics. Further, all United Fronters are not pleased with their own situation.

Crisis conceivable if as seems likely various legislative projects, constitution and electoral procedures fail materialize short term. Impatience with legislative procedures, inability compromise in coalition, opposition needling or ill-conceived rabbleroxing (especially East Bengal) could occasion another threat by Mirza which, though meant only to cow might have to be implemented. Alternatively, if PM's leadership, with possible assistance from Suhrawardy, seems promise constitution which might threaten domination Punjabi clique, Mirza will be strongly tempted forestall this development.

PM statements have reflected anxiety present situation; his remarks calling for enlightened, vocal public opinion, his faith common man, his assurance Constituent Assembly will not be dissolved, his flat statement Pakistan firmly on democratic road "and no power here which will be able destroy democracy" should be assessed not as platitudes but as placing himself on open record against Mirza's basic premises and endeavoring create moral situation wherein sole dictatorship or junta rule impossible.

If above assessment correct Embassy thinks US should give PM full backing and attempt moral suasion Mirza to hold his impatient authoritarian impulses in check. Believe initial opportunity provided occasion Mirza's imminent appointment as permanent GG. President's usual message felicitation might unobtrusively serve notice US interest early achievement Pakistan constitutional system which establishes responsible government, confirms supremacy law and safe-

guards individual rights. Latter two these principles are part Pakistan heritage from British rule and have in large measure been maintained to date, though not without difficulty. Embassy believes that they plus principle accountability are maximum possible attain present circumstances and minimum required orderly development country on basis and in direction which will keep it useful ally US. Country not prepared western-type democracy and believe US policy should recognize this fact. Embassy therefore recommends that any US official statements should avoid invocation "democratic principles". Possible that use this term might in fact prove counterproductive by encouraging intransigence of doctrinaire left which might in turn prove further incitement Mirza and his authoritarian-minded friends.

Taking account these factors Embassy suggest President's message might characterize international and internal situation as Mirza takes over and state hopes for developments both fields as follows:

International: Pakistan has entered MSA with US, joined SEATO, common objectives sought. Progress already made, expectation further progress.

Internal: Pakistan making renewed effort develop constitution which will provide government under rule of law and give adequate expression its peoples' aspirations and ideals.

Americans understand from their own history difficult problems which beset new nation in process of developing new constitutional forms. They also know from own history that solid progress best assured by nation building on basis of rule of law. US heartened by fact Pakistan in brief history has demonstrated holds firmly this conviction. Mirza's predecessor showed devotion to goal and now new Constituent Assembly begins a fresh task giving enduring form this basic political principle. May Mirza see its successful achievement during his tenure.³

Gardiner

³ In telegram 728 to Karachi, September 30, the Department of State pointed out that the President did not make a practice of sending congratulatory messages to Heads of State upon assumption of power. It suggested instead that Gardiner send a note to Mirza over his own signature along the lines that he had originally suggested. (Department of State, Central Files, 790.00/9-1955)

201. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, October 1, 1955—3 p.m.*

630. Joint Embassy-ICA-MAAG message. Reference Embtel 499.² JCS paper 2099/512³ makes clear to country team for first time that \$171 million ceiling on MDA program established in full knowledge that it will not permit realization approved force goals. This clarification welcome and eliminates our concern that Washington appreciation problem differed basically from ours here. Pakistanis have been informed of position and though Ayub's reaction as adverse as anticipated and defense officials show deep concern, indications are that Governor General and Prime Minister exercising restraining influence. Mirza informed Chargé he considered air and navy allotments satisfactory and that while army allotment low and Ayub upset, he had explained to Ayub that with improvement world outlook United States could not undertake buildup forces beyond ability Pakistan ultimately support. Believe that influence Governor General and Prime Minister will be controlling that government will accept decision with good grace and there will be no immediate adverse results.

Team not so confident re long-run situation. Small size army program certain become generally known and when this happens opposition will be tempted attack government. Such purely political maneuvering probably not too serious domestically though it might have unfortunate effect on effort develop Middle East defense organization. Major domestic problem rooted in situation cited reference telegram. Army transport equipment almost completely obsolescent and major program of replacement cannot be avoided. Beginning has been repeatedly deferred and may be again but postponement inevitable day of reckoning is impairing effectiveness Pakistan Army and increasing urgency of problem.

¹ Source: Department of State, Central Files, 790D.5-MSP/10-155. Secret.

² Document 199.

³ This paper, a report by the Joint Committee on Programs for Military Assistance, entitled "Military Aid Program for Pakistan," was approved by the Joint Chiefs of Staff on September 2. It stated that the estimate of \$171 million required to meet the force objectives established for Pakistan by the JCS was no longer valid. Instead, new estimates made by General Brown, and concurred in by the services, showed a requirement for \$301.1 million in military aid. The report concluded, however, that "a long-range MDA Program for Pakistan which will provide assistance in excess of \$171 million should not be developed at this time, but should be developed with other world wide MDA Programs as a part of the International Security Plan and in light of funds made available to support it." (National Archives, JCS Records, CCS.092 Pakistan (8-22-46))

MAAG estimates that to maintain army at present level of efficiency essential replace on urgent basis about \$85 million transport equipment of which amount only about \$9 million in current MDA program. Considering age and condition present equipment MAAG convinced that absolute minimum program involves replacement about half vehicles in next two or three years after which replacement might proceed regular basis at rate 10 percent per year.

This situation of obvious concern US. Reference JCS paper and CA 2275,⁴ US views on Middle East defense indicate dual interest in northern tier arrangement; (1) ultimately for buildup useful defensive strength, (2) initially for contribution political stability of area. Pakistanis have important potential both fields. However, to realize ultimate military contribution accelerated deterioration army transport must be checked. View urgency and importance this problem for own security Pakistanis will be forced somehow cover requirement themselves if we withhold assistance. However, we should recognize adverse effects such action on Pakistan progress toward viability and contribution objective area stability. They would be forced choose between starting replacement program now which would mean diversion funds from economic development or accepting risks further postponing which would increase urgency and magnitude problem when finally confronted. As pointed out reference telegram injection this issue government deliberations bound have disturbing effects.

We believe these considerations justify real efforts by US cover this basic military deficiency regardless ultimate decision on regional security program. If US willing cover about half urgent replacement requirements next two or three years believe Pakistanis might have reasonable hope of handling remainder themselves.

[Here follow specific recommendations concerning the utilization of funds.]

Gardiner

⁴ Dated September 17, not printed. (Department of State, Central Files, 780.5/9-1755)

202. Telegram from the Consulate General at Lahore to the Department of State¹*Lahore, October 4, 1955—11 a.m.*

41. Pouching despatch² on talk with General Ayub who says US let down on military aid to Pakistan likely be exposed in Consensibly with result various Mid-East countries will take "I told you so" attitude on [or?] argument "You can't trust Americans."

Says his face now red re contentions he made to King Saudi Arabia who personally warned him in Pindi 1954 "Americans can't be trusted." Says he also "had certain knowledge" that Shah of Iran felt same way and so he Ayub sent emissary to convince Shah USA different from British. Ayub thinks unlikely now Mid-East countries will line up with USA for they will learn that "USA did not keep commitment to Pakistan."

General further pointed out he personally in very bad position in Pakistan now because he shrugged off doubters and scoffers at beginning of his negotiations with assertion he convinced both rightness US foreign objectives and firmness its integrity. Says now he stands to "lose my trousers" and in no position answer growing feeling in Army circles that at least US engaging in "political opportunism" with Pakistan. Would not elaborate latter point though I questioned at length.

Other sources Rawalpindi indicate opinion of intelligentsia is that retirement such top Army men as Lt. General Youssuf and Major General Adnan Khan result their criticism Ayub's taking second term as C-in-C which thwarts their ambitions. To me this suggests Army may not be the sound element for stability our policy assumes it is. This point strengthened by vigor with which some Army men still advocate settling Kashmir issue by force, using United States military aid of course.

This important because public passions aroused anew over Kashmir lately.

In my opinion we should strengthen Ayub's position in Pakistan because he apparently only imposing figure in Army ranks will trust and also general public. My populous district rates him alone with Choudhri Mohdzrli as statesman with integrity. To prevent political setback to USA I request two measures: (1) Embassy urge high level review extent our military aid, and (2) Department be requested

¹ Source: Department of State, Central Files, 790D.5-MSP/10-455. Secret. Also sent to Karachi.

² Despatch 56, October 4, not printed. (*Ibid.*)

consider having Assistant Secretary Allen extend his trip³ to reassure Ayub that his present deep and bitter disillusionment ill founded.⁴

Fisk

³ Allen was on a brief trip to the Middle East which began September 30. Documentation is *ibid.*, 110.15-AL.

⁴ In telegram 662 from Karachi, October 6, Chargé Gardiner commented that Ayub's "diatribe" on the effects of the U.S. decision to limit its military assistance program to \$171 million contrasted strikingly with the "temperate line" of Mirza. Gardiner concurred with Fisk that a thorough review of the program was needed but recommended that a visit by Allen would not be necessary. (*Ibid.*, 790D.5-MSP/10-655)

At a meeting of the National Security Council on October 6, Admiral Radford brought up the issue of military assistance to Pakistan during a discussion of the Middle East. According to the memorandum of discussion, Radford "indicated that Pakistan also was eager for additional United States assistance and is at the moment full of recriminations against the United States for failing to supply more aid. Accordingly, the Joint Chiefs of Staff were now faced squarely with the problem of finding additional financing for Pakistan. If we do attempt to find such additional financing, we shall probably have to cut aid programs elsewhere in the world." (Memorandum of discussion at the 260th Meeting of the National Security Council by Gleason, October 7; Eisenhower Library, Whitman File, NSC Records)

203. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, October 12, 1955—6:23 p.m.

835. From Ambassador Hildreth. In talks with Defense Department took position Aide-Mémoire last October created triple obligation, namely time element, equipping 5½ Divisions and 171 million dollars. Joint Chiefs Staff apparently cabled you decision which Defense Department not yet seen limiting obligation to \$171 million. Defense sending team 3 officers arriving Karachi about next Sunday² whose mission may include instruction Karachi MAAG and Brown they not to stretch US obligation beyond dollar limit.

Suggest Brown, Gardiner and Dasgupta describe to visiting team difficulties resulting from any failure to meet reasonable Pakistani interpretation of commitment. You might urge Defense team report by cable to DOD their views with copy available to State and then

¹ Source: Department of State, Central Files, 790D.5-MSP/10-1055. Secret; Priority; Limit Distribution. Drafted by Hildreth and approved by Jones.

² October 16.

you summarize in your own cable to State Department GOP basis for alleging US failing on its obligation and brief summary of feeling of key GOP officials (see Embtel 686, Lahore's 41³), and your recommendation of minimum worthwhile additional program if differs substantially from proposals Embtel 630.⁴ I will try to beg additional program from Gray and Radford prior my return using political arguments of ill-effects in area of failure meet Pakistani expectations as well as internally of having a GOP government controlled by pro-West military men disillusioned (rightly or wrongly) about US commitments and objectives in area.⁵

Dulles

³ Telegram 686 not printed. Telegram 41 is *supra*.

⁴ Document 201.

⁵ In telegram 782 from Karachi, October 21, Gardiner pointed out that the interpretation of the intent of the October 21, 1954, aide-mémoire as a promise to Pakistan of \$171 million of military equipment within a specified time period "regardless of what that sum would accomplish toward meeting approved force goals appears to us as most dubious debating point unbecoming dignity USG and having no place in discussions problem with GOP." He added that the Pakistanis sincerely believed that the force goals cited in the aide-mémoire, not the dollar figure, defined the scope of the program. Gardiner suggested instead that the United States continue its military aid program to Pakistan at the present annual level of approximately \$70 million. "This seems to us," he concluded, "minimum consistent with maintenance dynamic program capable making ultimate contribution area security. Also seems minimum needed obviate charges bad faith such as recounted in Lahore's 41 which if given general currency would be most damaging US position throughout Middle East." (Department of State, Central Files, 790D.5-MSP/10-2155)

204. Letter From the Acting Secretary of State to the Assistant Secretary of Defense for International Security Affairs (Gray)¹

Washington, November 5, 1955.

DEAR GORDON: Your letter to me of September 28² brings up some questions with regard to the MDAP for Pakistan which I should like to discuss briefly.

¹ Source: Department of State, Central Files, 790D.5-MSP/11-555. Secret. Drafted by Thacher.

² In this letter, Gray stated that "it must be recognized that the Pakistani program from the outset was a dollar commitment. If we were to approve an aid program for

I believe that none of us is anxious to see this program expanded beyond the level necessary to meet our commitment nor to an extent which will impose an undesirable burden on the Pakistan economy. On the other hand, we have made, as you are aware, a written commitment to the Pakistanis, which has as we see it three aspects: time, money and force goals. Your letter recognizes the time and money aspects of the commitment but as I understand it, the Defense Department and the Joint Chiefs of Staff have not recognized that we were committed by the aide-mémoire to bring five and a half divisions up to a strength near a level of combat effectiveness. Accordingly, the Defense Department has thought of our commitment to meet deficiencies as being defined in terms of the cost, \$171 million, of the material specified in the report of the Joint Military Survey Team.

However, from Karachi's telegram 499³ and from earlier messages it appears that the Country Team and the Pakistanis also had believed the deficiencies we were undertaking to fill were to the extent of equipment needed to bring the five and a half divisions up to a level of combat effectiveness rather than simply what had been specified in the Survey Team Report. The Pakistani concept of the commitment was originally much more extended than that of the MAAG, but I understand the latter has done a good deal to reduce inflated Pakistani notions as to what these divisions required and that it was eventually agreed between the MAAG and the Pakistani military that Pakistan's divisions should have tables of organization and equipment no greater than those of United States divisions.

Since the receipt of Karachi's telegram 499, the Country Team has informed Pakistani leaders that the United States commitment was for \$171 million only. This view was received fairly understandingly by the top non-military figures in the Government, but most unfavorably by General Ayub, Commander-in-Chief of the Pakistan Army, who continues to have the loyalty of the 150,000 man Army and who is an extremely powerful figure in the country. In fact, he may be strong enough to bring about, if he chooses, a general feeling of disappointment and frustration towards the United States by asserting that we have failed to keep our promise to Pakistan.

Should the Pakistanis become persuaded that the United States had not kept its word, and certain political and journalistic elements

Pakistan to equip their forces as recommended by the country team," he warned, "an additional \$130 million of assistance would be required." Any such increase in aid, moreover, "could only be met only by eliminating or reducing other MDA Programs which are considered to be essential to the accomplishment of U.S. objectives on a world-wide basis." (Department of Defense, OASD/ISA Files, NESA Records, Pakistan)

³ Document 199.

in the country are only too ready to accept this view, we would have suffered a serious setback in terms of our objectives for Middle East Defense and the political stability of Pakistan. In view of the current Soviet efforts to increase their influence in the Middle East, I think it is very important we do everything we can to keep the confidence of countries like Iraq and Pakistan which are committed to our side. In addition, Pakistan, as you know, plays a significant part, through its membership in the Manila Pact, in planning for Southeast Asia defense.

Karachi's telegram 630⁴ contains some suggestions by the Country Team on what might be supplied to bring the Pakistani divisions more nearly to a state of combat effectiveness. I understand this problem will be further explored by a three-man team from the Department of Defense now visiting Karachi. For the reasons mentioned above, I hope the Department of Defense will give most careful consideration to supplying some additions to the assistance program for the Pakistan Army. However, replies to Karachi's 499 and 630 should, I think, be delayed until we have a clearer concept as to what the situation requires. Ambassador Hildreth is hoping to discuss this matter with you again before his return to Karachi.

Sincerely yours,

Herbert Hoover, Jr.⁵

⁴ Document 201.

⁵ Printed from a copy which bears this stamped signature.

205. Telegram From the Department of State to Embassy in Pakistan¹

Washington, November 12, 1955—8:32 p.m.

1033. Embtel 906.² Departments State and Defense deeply concerned possibility severe damage our relations Pakistan and adverse repercussions other Middle Eastern nations which could follow publication Ayub's letter to Radford, being telegraphed to Embassy separately.³

Department believes Embassy should approach Prime Minister and or Governor General along following lines:

1. Nothing but bitterness between two countries and satisfaction to their enemies can follow effort this type use public opinion force US accommodation to Pak viewpoint.

2. It was agreed in aide-mémoire details US military assistance would be regarded by both nations as secret. This agreement breached by Ayub in releasing his letter to Radford.

3. US believes its overall record assistance to Pakistan is wholly defensible.

4. US deeply wishes, however, avoid this type public controversy and hopes if Ayub's letter or its substance becomes public GOP will be able issue counteracting statement reaffirming mutual US-Pakistan confidence.

5. US intends continue making every effort meet commitment set out in Aide-Mémoire and does not regard this as limited to \$171 million. Within amounts made available by Congress in next fiscal year it is our intention continue contributing towards meeting deficiencies in 5½ divisions.

Should publicity given release Ayub's letter seem warrant such action Embassy authorized issue public statement which Department suggests be as conciliatory in tone as possible. With reference military assistance you might say "US Government still intends carry out military assistance program discussed with Pakistan Prime Minister and his advisers in Washington a little over year ago. No fixed

¹ Source: Department of State, Central Files, 790D.5-MSP/11-1255. Secret. Drafted by Thacher, cleared in draft with General James K. Wilson, and approved by Jones. Repeated to New Delhi and London.

² In telegram 906, November 12, the Embassy reported that recent discussions between Ayub Khan and a U.S. Congressional delegation, headed by Congressman Clement J. Zablocki from Wisconsin, had taken an unpleasant turn with Ayub accusing the United States of bad faith in not carrying out its military commitments to Pakistan. Ayub had also complained of U.S. failure to uphold its military commitment to Pakistan in an interview with a reporter from the *New York Times*. The Embassy suggested that an indication that Washington had reconsidered the scope and timing of the military aid program for Pakistan, or was prepared to do so pending the outcome of the upcoming Baghdad Conference, would be helpful. (*Ibid.*)

³ Telegram 1034, November 12, not printed. (*Ibid.*)

dollar limitation has been set on amount of military assistance to be received by Pakistan and US intends meet material goals discussed in Washington. US has, however, other heavy military and financial commitments throughout world and as was pointed out in Washington discussions priority of various requirements is decided ultimately by US Congress."

FYI. Above viewpoint worked out between Ambassador Hildreth and Deputy Assistant Secretary of Defense McGuire in discussions November 10⁴ at which time DOD made clear it intends at present ask Congress for an amount substantially above \$26 million for FY 57. End FYI.

In public statement Embassy will no doubt wish consider advisability reciting past economic aid programs, etc. providing US support for Pakistan.⁵

Hoover

⁴ A memorandum of this conversation, drafted on November 15 by Lieutenant Colonel W.J. Higgins of Operations Division, Office of Military Assistance Programs, is in Department of Defense, OASD/ISA Files, NESA Records, Pakistan.

⁵ In telegram 928 from Karachi, November 16, Gardiner reported that he conveyed this message to Mirza on November 14 and to Chaudhri Mohammed Ali the following day. Mirza stated that a time-phased program looking to force goals was fine while Chaudhri Mohammed Ali indicated that he was gratified to learn the results of Hildreth's negotiations. (Department of State, Central Files, 790D.5-MSP/11-1655)

206. Letter From the Assistant Secretary of Defense for International Security Affairs (Gray) to the Under Secretary of State (Hoover)¹

Washington, December 5, 1955.

DEAR MR. HOOVER: Reference is made to your letter of 5 November 1955² with regard to our matériel program in Pakistan. It appears that the present dissatisfaction with our MDA program in that country stems from the adoption by the Pakistan Government of an interpretation of the October 1954 aide-mémoire which differs from the interpretation held by the Department of Defense.

¹ Source: Department of Defense, OASD/ISA Files, NESA Records, Pakistan. Secret.

² Document 204.

The aide-mémoire is subject to various interpretations, as the wording is ambiguous. In one paragraph it states that the U.S. proposes a program estimated at \$171 million to be delivered over a three-to-four year period and in another paragraph states "the present program is designed to meet deficiencies in the Pakistan Army, Navy and Air Force as follows," then the force bases are listed.

The Pakistan Government interprets this aide-mémoire as committing the U.S. Government to filling, in 3½ to 4 years, all of the equipment deficiencies in the 5½ division Army portion of the Pakistan force bases without regard to the \$171 million figure mentioned in the aide-mémoire. The Department of Defense interprets the aide-mémoire as committing the U.S. Government to program and deliver \$171 million worth of military end items over a three-to-four year period and within funds made available by the Congress and, consistent with the priority of requirements upon the U.S., to continue to meet U.S. screened deficiencies in the 5½ division force bases. The Department of Defense now recognizes that the figure of \$171 million was based on an initial estimate and will not meet screened deficiencies in the Pakistan force bases. The provision of additional equipment may be required in the future to meet these screened deficiencies.

In connection with the problem of arriving at an accurate estimate of the U.S. screened deficiencies for the Pakistan Army, there is presently underway in the Department of the Army a study to determine the feasibility of adopting tables of equipment for the Pakistan Army commensurate with the probable mission and employment of these forces. This problem is illustrated by the fact that only on 14 November was the Chief of MAAG Pakistan able to convince the Pakistanis to reduce the size of their infantry division from about 25,000 to about 17,500, and the size of their armored division from about 19,500 to 15,000. Until such a table of equipment is adopted for Pakistani units, the dollar cost of supplying the remaining equipment deficiencies cannot be determined.

Approximately \$25 million of the initial \$171 million remains to be programmed in FY 1957. As you are aware, the Department of Defense presented on 18 November a proposed program for FY 1957, in a joint session with State, ICA, and the Bureau of the Budget, which provided a total of approximately \$108 million for Pakistan. This program consisted of \$65.4 million for equipment, \$40.6 million for Direct Forces Support and \$1.9 million for training, and is in the context of a world-wide FY 1957 MDA program.

It would appear that final determination of actual programming for delivery should await completion of action and review of the "Interdepartmental Coordinated Survey of Pakistan" directed by the

OCB on 20 July 1955, in order that a realistic estimate of Pakistan capabilities to support their forces in the long run can be made. Otherwise, by providing assistance in excess of the amount that is programmed in FY 1957 under the \$171 million program, we may be increasing in 1957 the investment we will have to protect, through maintenance, in FY 1958 and thereafter.

Future programs, and it is assumed that there will be a continuing program after the completion of the current program of \$171 million, will further address themselves to the problem of equipping the approved force bases in accordance with the tables of equipment now being developed for the Pakistan Army.

Ayub Khan has accused us of not keeping our word as implied in the 1954 aide-mémoire. It is unfortunate that the initial estimate fell short of actual Pakistani needs, and that there were two interpretations of this aide-mémoire. However, the development of firm tables of equipment upon which to judge actual Pakistani requirements for equipment and the additional assistance planned for FY 1957 will combine to give us a clear concept of what the deficiencies are and what remains to be done to assure that our commitment to Pakistan will be met. Thus, we will be in a position to assure Ayub Khan that Americans can, in fact, be trusted. I agree with you that no reply to Karachi's 499³ and 630⁴ should be made until the situation is clarified.

Sincerely yours,

Gordon Gray⁵

³ Document 199.

⁴ Document 201.

⁵ Printed from a copy which bears this typed signature.

207. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, December 13, 1955—noon.

1105. . . . In formal statement to press carried December 12 papers, Prime Minister, commenting on Srinagar statements of Soviet

¹ Source: Department of State, Central Files, 711.56390D/12-1355. Top Secret; Priority. Passed to Defense.

leaders,² said in part: "No power on earth shall deflect us from helping people of Kashmir to secure right to self-determination. Khrushchev is reported to have mentioned Pakistan's membership in Baghdad Pact and Khrushchev charged that pact was not created in interests of peace but in view of building American bases in Pakistan close to Soviet territory. These charges are wholly baseless. It (Baghdad Pact) is not directed against any country whatsoever nor has Pakistan any intention of allowing any country to establish bases in country or to use its territory for any aggressive purposes".

In conversations re Kashmir (Embtel 1102)³ when Governor General got down to first name conversation with me I commented I was puzzled about one thing, namely that everybody seemed to be telling me that they wanted a strong statement on Kashmir and in support of Baghdad Pact and what a difficult situation Pakistan was getting into without any public strong support from West and yet in this morning's paper Prime Minister said that "He would never give any bases". . . . In Mirza's conversation with me I detected his impatience with Prime Minister's over-caution; Mirza, however, considers it untimely for US to seek bases here until we have shown more support for Pakistanis on Kashmir and backed Baghdad Pact again publicly. Embassy detects possible loophole in Prime Minister's statement quoted above in his language which would not prevent use bases by powers associated Baghdad Pact. Embassy speculates Prime Minister in public comments on air bases might be opening door to trading for US adherence to Baghdad Pact as precondition use Pakistan bases, but little more inclined believe Prime Minister speaking his mind with no mental reservations.

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Hildreth

² During an official visit to India, Khrushchev had declared Soviet support for India's position in the Kashmir dispute.

³ See footnote 3, Document 11.

208. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, January 19, 1956—4 p.m.*

1368. MAAG Chief has just received Department Army request for programming data which indicated DOD submission by FY 57 MDAP Pakistan will provide only \$30 million for Army. MAAG Chief assumes AF and Navy programs will be \$11.2 million and \$3.7 million respectively, as previously indicated, bringing total FY 57 program request to \$45 million. AF and Navy programs at indicated levels will permit satisfactory progress. Army program at \$30 million will leave deficiencies in five and one half divisions US committed to fill totaling more than \$300 million. Projecting future fund availabilities and deliveries at rate maintained over first three years of program, in theory approximately 15 years required to reach objective originally set for achievement in three and one half years. In fact, program would never be completed, since equipment delivered early years of program would become obsolete before final deliveries effected.

This program figure indicates reversion to slow-down and stretch-out tactics which have plagued MDAP to Pakistan almost from beginning, made that program source of constant irritation in US-Pakistani relations, and raised questions US good faith in minds our best friends here. Only two months ago situation reached crisis proportions when Pakistanis learned of \$171 million ceiling placed on program by DOD, action they considered in clear contravention commitments of aide mémoire, October 1954. Unfortunate developments narrowly averted as Pakistanis received assurances I was authorized provide, and Pakistani confidence largely re-established as result Admiral Radford's genuine show of interest in success of program.

Assurances referred to were those provided in formula I worked out with Deputy Assistant Secretary McGuire and incorporated in my letter to him of November 11.² (Copy left Department.) As agreed this formula I told Pakistanis: "We are still anxious to achieve filling of five and one half divisions," and further, "Intent is

¹ Source: Department of State, Central Files, 790D.5-MSP/1-1956. Secret.

² In this letter to E. Perkins McGuire, Deputy Assistant Secretary of Defense for International Security Affairs, Hildreth explained that he would inform Pakistani officials that there was no change in the U.S. position regarding military assistance to Pakistan, and that the United States was still anxious to achieve the filling of the deficiencies in 5½ divisions. He stated that he also would inform them that the figure of \$170 million mentioned in the aide-mémoire of October 21, 1954, was not a limitation on the U.S. program; however, it would be necessary to get additional appropriations each year from Congress. (*Ibid.*, NEA Files. Lot 58 D 545, Pakistan)

still same as year ago, namely, to move as rapidly as we can and I am satisfied we are doing everything possible in this respect."

I do not see how Army program figure provided MAAG Chief, carrying implications cited paragraph 1, can be held to meet either letter or spirit of this agreed position and I can only conclude that those who produced it were either inadequately informed of this position, or did not fully appreciate these implications. Given recent official assurances to Pakistanis and whole background military aid program here, including aide-mémoire, October 54 in my opinion FY 57 MDAP figure indefensible unless it of dimension which on projection would permit effectuation five and one half division objective within reasonable period of time—say additional three to five years. This would require Army program at least \$60 million, bringing total MDAP FY 57 to at least \$75 million.

Failure of executive branch plans to provide anything approaching this level cannot be long withheld from Pakistanis. Minister Finance already inquiring of Embassy re level military aid for Pakistan on basis reports of President's budget message. I am distressed by anticipation of impression such information will make on GG, PM and CinC to whom I imparted assurances of agreed formula less than two months ago. I am at a loss as to what could be told them by way of explanation, particularly in view over-all dimensions MDAP request and known fact level substantially raised over earlier plans. My concern intensified by recent indications of Pakistanis alarm at their deteriorating international position which they attribute in large part their adherence to Baghdad Pact, and increase of propaganda here for neutralism as policy which really pays off. (Embtels 1310, ³ 1337 ⁴). If this information reaches Pakistanis before SEATO conference, ⁵ its effect added to other factors cited Embtel 1310 will produce markedly unfavorable atmosphere for Secretary's visit.

Hildreth

³ Dated January 13, not printed. (*Ibid.*, Central Files, 396.1-KA/1-1356)

⁴ Dated January 16, not printed. (*Ibid.*, 689.90D/1-1656)

⁵ The second SEATO Council meeting was scheduled for March 6-8 in Karachi.

209. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, February 17, 1956-5 p.m.*

1592. For Under Secretary Hoover or Assistant Secretary Allen. On eve of my first appointment with Prime Minister in perhaps month, held first of this week, on my return from trip to East Pakistan with Governor General there was temptation to talk to Prime Minister along following lines:

"Embassy convinced there is deliberate effort at least encouraged by GOP to stage campaign prior visit of Secretary to squeeze US for additional aid and probably a substantial element of Pakistan officials and public opinion earnestly believe the best way to get most from US is to emulate example of Afghanistan, India and Egypt and try to play both sides. Embassy convinced emphasis and extent publicity such things as visit of Madame Sun Yat-sen,² Czech, Polish and Russian trade talks, reflections on Baghdad pact, upcoming visits of both Prime Minister and Foreign Minister to Peking, to mention only a few, would not occur except with government approval. Embassy staff which has had faith in Pakistan and labored diligently in good faith to get maximum assistance possible for Pakistan has done so largely because of courage and honesty of GOP in pro-west stand and statements. Today only Mohammed Ali in Washington speaks along past lines and is clearly out of tune with government silence and newspaper and legislators comment in Pakistan. If GOP is only playing game to squeeze US we think it very risky as of course Embassy appraisals and press comments repeatedly flow from Embassy to Department and indirectly to Congress and US public. If change in course is not merely squeeze game but sincere, as we believe it to be on part of some influential Pakistan officials and non-officials then as friends of Pakistan we say how can you compete with India at its own game? The basis of strong support for Pakistan has been because it followed a different course from India and Egypt. If now you wish to follow the same course as GOI then Pakistan, considering its size and resources, necessarily must become the tail of the dog and our interest in Pakistan will tend to diminish and our interest in India increase."

In discussion top Embassy staff unanimously agreed unwise to talk to Prime Minister as above at upcoming meeting, particularly as he, Embassy is sure, is indirectly one of chief moulders of public opinion. Consequently in talking with Prime Minister Monday evening February 13, I listened without arguing to innocuous statements

¹ Source: Department of State, Central Files, 611.90D/2-1756. Top Secret.

² Wife of the late Chinese President Sun Yat-sen and representative of the People's Republic of China. Madame Sun began an 8-day official visit to Pakistan on February 24.

of Prime Minister, mostly dealing with economic constitution and pleas for more help. Memo of conversation pouched today.³

Wednesday night February 15 in hour and half intimate, personal and frank talk with Governor General I expressed above quoted views. Summary only of points he made is:

1. He does not go along with policy of neutralism and has never forgiven present Prime Minister for being man who stopped the then Prime Minister Liaquat Ali Khan from sending a Pakistan division to Korea. His fight on this, which he lost and which nearly cost him his job was fundamentally due to the inherent neutralism of the present Prime Minister when he was advising Liaquat that he could not spare a division for Korea because of mistrust of India, whereas Mirza argued that the greatest assurance of support from west was a bold shouldering of its share of responsibility.

2. Not only is he not a neutralist but he believes best way to get most from west is not try bargain but wholeheartedly do all possible and have faith that this attitude will be appreciated by good faith partners and bring tangible results. (Mirza has sung this song ever since I have known him.)

3. He was very irritated at Prime Minister and Foreign Office when he was on East Pakistan trip for the constant pressure they put on him to entertain Madame Sun Yat-sen. He said he personally wanted no part of Sun Yat-sen or those tactics (though he thinks US would be wise to admit Red China to UN before it happens anyway). Said the Foreign Office had phoned him in East Pakistan that Chinese in Peking had advised Pakistanis that if Governor General did not entertain Madame Sun Yat-sen they would consider it an insult. (With both Prime Minister and Foreign Minister⁴ anxious go China it is easy understand pressure on Governor General to accord Sun Yat-sen hospitable treatment.)

4. He was glad I had not talked to Prime Minister the way I talked to him as he felt Dulles was man to talk to Prime Minister on his visit here.

Fundamentally Prime Minister is timid, weak and perhaps cowardly and he thinks I should advise Secretary in effect to say very bluntly to Prime Minister "whats going on here? We don't understand your apparent reversal of thinking. We have started help you in good faith and intend continue do so but we do not understand your flirtation with Communists." Particularly thinks Prime Minister should be scolded for allowing an official of Foreign Office on his own initiative, though unattributed (presumably Foreign Minister),

³ Despatch 599, dated February 17, not printed. (Department of State, Central Files, 611 90D/2-1756)

⁴ Hamidul Huq Choudhury.

for publicly saying reception given Madame Sun Yat-sen was greater than that given Vice President Nixon.⁵ He said Foreign Minister so anxious visit China that without any approval of Prime Minister or Governor General he had asked for invitation to be extended to him and on his own initiative published announcement of it when it came. Governor General stated he would not say hardly any of the above to Secretary Dulles but only to me on a "Horace/Iskander" basis. His reason for this was he would not in dealing with representatives of foreign countries be disloyal to his Prime Minister. (In fairness to Governor General I repeat here what I am sure was reported in . . . cables and I believe in Embassy report, namely that when in East Pakistan with Governor General just prior to heading into the wilds, he almost called off his trip but made phone calls to Ayub, Governor East Pakistan⁶ and Fazlul Huq⁷ and reported that he had told Fazlul Huq if he doublecrossed the Prime Minister and made a deal with Suhrawardy in East Pakistan without giving Prime Minister fair advance warning that he, Mirza, and Ayub would move and move fast. The result was that Fazlul Huq did return Karachi, did not make a deal with Suhrawardy and Bashani,⁸ for which Fazlul Huq was a few days later bitterly criticized in East Pakistan newspapers.)

Subsequently Governor General agreed I might send a summary of what he had said to Secretary Dulles, eyes only, but he will not talk this way to Dulles when he is here. Again repeated I knew him but Dulles did not know him well and Dulles would think he was being disloyal to his own government.

5. Unfortunately at present time he, Governor General, could not speak out because the provisional president would be elected by present consembly about mid-March for period of probably 18 to 24 months and he cannot risk alienating members present consembly who are talking this neutralist line but will soon vote on presidency. Among candidates for president are Suhrawardy, Ghulam Mohammad, Hamidul Huq Chowdhry and former Prime Minister Nazimuddin. Daultana⁹ out because of having licked Gurmani¹⁰ in recent provincial elections and Gurmani opposition to Daultana will stop Daultana. (Governor General stated he had 36 out of forty votes in West Pakistan for the presidency but made no mention of votes

⁵ Vice President Nixon visited Pakistan December 6-8, 1953. For documentation see *Foreign Relations*, 1952-1954, vol. XI, Part 2, pp. 1830 ff.

⁶ Amir-ud-Din Ahmad.

⁷ Minister for the Interior and Minister for Education.

⁸ Maulana Bashani, President of the Awami League in East Pakistan.

⁹ Mian Mumtaz Daultana, former Chief Minister of the Punjab and a leader of Muslim League.

¹⁰ Mustaq Ahmad Gurmani, Governor of West Pakistan.

from East Pakistan. He did say that if he had been left on as governor of East Pakistan, which he greatly desired, he was certain that within couple of years he could have not only had a strong Muslim majority fully supporting the central government but could also have had a large element of Hindus on his side.)¹¹

6. He said the Egyptian Ambassador here¹² (whom Embassy considers very able and effective) had been very active in arguing with his Muslim brothers that they could collect from both sides the same as Egypt.

7. Mirza emphasized that regardless of any talks of neutralism if war came he and Ayub would throw out any neutralists and we could be assured of utmost cooperation of armed forces and of Pakistan. Pressed on loyalty of Ayub to him he indicated absolute certainty on this point.

8. He wanted me to understand that really the only reason he had agreed go Kabul was because of urgent pleading of US.

9. He was indignant that Prime Minister, while he was in East Pakistan, had allowed Nishtar¹³ (pal of Miss Jinnah¹⁴ and no friend of west or US) to become head Muslim League all against advice of Governor General and which Prime Minister prior departure Governor General for East Pakistan had seemed agree should not be done.

Hildreth

¹¹ On March 6, Mirza was elected President. He was inaugurated on March 26 as President of the Islamic Republic of Pakistan, which had been adopted under the Constitution Bill passed by the Pakistani Constituent Assembly on February 29.

¹² Taffazil Ali.

¹³ Sardar Abdur Rab Nishtar.

¹⁴ Widow of the former Pakistani Prime Minister.

210. Telegram From the Department of State to the Secretary of State at New Delhi¹

Washington, March 9, 1956—3:12 p.m.

Tedul 22. It is becoming increasingly apparent that our difficulties in many parts of the world are result of our not fulfilling

¹ Source: Department of State, Conference Files: Lot 62 D 181, CF 679. Top Secret, Priority; Eyes Only. Drafted by Hoover and approved by Barnes. The Secretary was in New Delhi as part of his post-SEATO trip to several Asian countries. Additional documentation is *ibid.*, FE Conference Files: Lot 60 D 514.

military commitments to foreign governments, both large and small, which they had entered into with us in good faith.

The Pakistan case is typical. A three year commitment for end items and direct forces support, now estimated to cost \$350 million, was entered into in September 1954. With the period almost half gone, in early 1956, we have delivered only \$21 million of hardware and little if any direct support. The same situation appears to exist in many other countries.

[Here follows a brief description of the overall problems connected with Defense spending and a suggestion that Secretary Dulles might wish to make first-hand inquiries regarding the military aid situation in countries such as Thailand, Vietnam, the Philippines, Taiwan, and Korea during his trip.]

Hoover

211. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, May 19, 1956—4 p.m.

2481. Following reply Secretary Allen's letter April 20,² requesting Pakistan country program for FY 1958, sets forth Ambassador's position based on thorough review with all members country team.

I. Program recommendations for Pakistan

[Here follow Ambassador Hildreth's specific recommendations for United States assistance programs to Pakistan for fiscal year 1958. He called for \$159 million in MDAP and DFS support, \$95 million in defense support, and \$13.5 million in technical cooperation as the major components of the proposed assistance program.]

¹ Source: Department of State, Central Files, 790D 5-MSP/5-1956. Secret.

² Not found in Department of State files.

II. General considerations

Course program development Pakistan has out-run formulation policy NSC 5409, February 1954.³ OCB outline plan of operations May 1955⁴ more nearly adequate but even this requires modification.

Combined program totals far greater than can be justified by language NSC paper. Dimensions military aid program, now estimated cost over \$400 million, exclusive funds for local implementing projects, cannot be covered by formula "provide limited military aid" paragraph 28. Elements of present program fixed by written commitment undertaken by USG aide-mémoire October 1954, and figure cited necessary carry out commitment including ultimate delivery light bomber squadron. Economic aid program equally difficult justify under formula paragraphs 20, 22 NSC 5409. Here purpose stated as assistance in development natural resources and basic industrial potential, "including provision technical assistance and limited economic aid" and extension emergency aid in exceptional cases. This formula hardly covers program defense support, technical assistance and surplus agricultural commodity sales substantially excess \$100 million per year. Although not stated NSC or OCB paper, presumably expenditures these magnitudes based on assumption that ultimately they will produce strong stable country, economically viable, allied with west, able make and support continuing contribution free world defense.

As discussion several programs will indicate, there are real difficulties in way realization these objectives stemming from divergency US and Pakistan interests on some important points as well as inherent Pakistan limitations. These difficulties have been carefully considered and Embassy in no way disposed discount them. However, assuming objectives substantially as formulated foregoing paragraph, we consider recommended level of aid both necessary and justifiable.

[Here follow detailed comments on proposed specific military and economic programs.]

Hildreth

³ NSC 5409, "United States Policy Toward South Asia," approved by the President on March 6, 1954, is printed in *Foreign Relations*, 1952-1954, vol. XI, Part 2, p. 1089.

⁴ See footnote 2, Document 195.

212. Editorial Note

At a meeting of the National Security Council on June 15, Director of Central Intelligence Allen Dulles discussed recent developments in Pakistan as part of his customary survey of significant world developments affecting United States security:

"Mr. Dulles remarked that events of the past two months in Pakistan had served to highlight the great difficulties which this strong ally of the United States was encountering. Pakistan was suffering from great political stability [*instability?*] as well as acute economic distress. Pakistan's relations with India and Afghanistan continued very bad. A new younger group of politicians was allegedly aspiring to the political leadership of Pakistan, but as yet there appeared to be no serious threat to the leadership of President Mirza, Pakistan's strong man. Meanwhile a near-famine situation existed in East Pakistan, and the Pakistani are hoping to obtain a million tons of relief food from the United States. Finally, the Pakistani plan to bring the Kashmir dispute with India before the United Nations shortly after Nehru's visit to the United States next month." (Memorandum of discussion at the 288th meeting of the NSC by Gleason, June 18; Eisenhower Library, Whitman File, NSC Records)

213. Memorandum of a Conversation, Karachi, July 9, 1956,
10 a.m.-noon¹

PRESENT

President Mirza
Vice President Nixon
Chargé d'Affaires, A.Z. Gardiner
Colonel LeRoy Watson (OSD/ISA)
Mr. William Henry

PRESENT FOR PART OF CONVERSATION

Acting Prime Minister, Mr. I.I. Chundrigar
Acting Foreign Minister, Mr. H.I. Rahimtoola
Finance Minister, Mr. Amjad Ali

The Vice President opened the conversation by asking President Mirza what topics were now of special interest to him. President Mirza said first of all he wished to raise the question of President Eisenhower's recent statement on neutralism² which had caused some difficulties in Pakistan. At the time Pakistan joined the Baghdad Pact, the Government had met considerable opposition. They were now being asked, "Are you sure the U.S. Government wants you in this Pact?" Mirza did not think that the U.S. Government wanted to exclude Pakistan from such arrangements and wished to point out that the Government of Pakistan had joined the Baghdad Pact for the security of Pakistan, which to his mind is bound up especially with the security of the area extending from Basra to the Straits of Ormuz (i.e., Persian Gulf). At every opportunity he was asking U.S. and U.K. officials what arrangements they were planning for the security of that area. As far as logistics were concerned, he thought that the U.S.S.R. could attack with substantial forces at D Day plus 35 and, therefore, there must be a defense plan to assemble defensive forces at D plus 30. In spite of all his efforts, the President said he could not get the answer to the question, "What forces will you make available to defend the area?" from either American or British authorities.

¹ Source: Department of State, Karachi Embassy Files: Lot 64 F 16, 361.1 Nixon. Top Secret. Drafted by Gardiner. Forwarded from Gardiner to Allen under cover of a letter dated July 12. In telegram 85 from Karachi, July 11, Gardiner summarized the main points covered in the conversation. (*Ibid.*, Central Files, 033.1100-NI/7-1156)

Nixon was on a brief Asian tour, organized around his visit to the Philippines for the tenth anniversary celebration of Philippine independence. Further documentation is *ibid.*, 033.1100-NI, and *ibid.*, Conference Files: Lot 62 D 181, CF 729A. He stopped in Pakistan on July 9 for a few hours. In telegram 2 from Karachi to Taipei, July 6, repeated to the Department as telegram 36, Gardiner extensively briefed the Vice President on Pakistani developments. (*Ibid.*, Central Files, 033.1100-NI/7-656)

² The text of the President's statement is printed in Department of State *Bulletin*, June 18, 1956, pp. 1004-1005.

The Vice President asked Colonel Watson to respond to this question. Colonel Watson stated that the Joint Chiefs of Staff foresee no Soviet aggression in this area as a separate action. It would only occur if there were a global war. He thought that estimates of Russian capabilities had overlooked the defensive capacity of U.S. strategic and tactical armed forces and that the Russian capacity is exaggerated. President Mirza asked whether the U.S. could put in ground troops quickly enough. Colonel Watson replied that special troops with special weapons could be quickly made available and that the planning of the Baghdad Pact countries on the military side was just getting under way.

Vice President Nixon said that President Eisenhower's remarks were taken from context and that our position would be further clarified. The Vice President then referred to the grand concept of the area to be defended in the event of Russian aggression. He considered that the Middle East and the European complex was equally involved and that it was a prime objective of U.S. policy to prevent the area from being overrun. Colonel Watson pointed out that the maintenance of ground troops by the countries immediately involved, sufficiently strong to stop the Russians, would break the economies of the countries in question. President Mirza said that if the U.S. joined the Baghdad Pact, Pakistan's worries would be over.

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The Vice President then asked President Mirza if he had considered the other type of attack, erosion through subversion. President Mirza by inference indicated that his greatest concern in this context was with Tehran. The Iranian Army was not highly regarded by Mirza; the officer class was corrupt and by and large worthless. The soldiers, however, were good and possibly some improvement was being made through the U.S. military assistance group. The system under which Generals were paid a lump sum for feeding the troops was very bad. He had told the Shah about this. He thought the Shah was shaping up well as a leader. Mirza was planning to visit Iran in November and Turkey in July. His object was to cement the Baghdad Pact countries as closely as possible.

Continuing, President Mirza said that he was especially concerned with Russian infiltration into Afghanistan. The Afghans had obtained weapons from the Czechs and the U.S.S.R. did not have to come out into the open. They were, however, supporting the Afghans on the Pushtoonistan question, and Mirza was especially worried about the road program which is envisaged to encircle Afghanistan, tapping the Russian military headquarters just across the Oxus. A road is also being built from Fala to Zahedan, where

the Iranians are especially weak. He suggested the Vice President impress upon the State Department and on the Pentagon that the Afghan problem is of much greater significance than it has been in past years and of considerable military importance.

Vice President Nixon asked what we could do to ease the situation.

President Mirza replied that he thought the situation justified increasing the Pakistan Army by one infantry division to build up the total to five infantry divisions and one and a half armored divisions. . . . He would leave no stone unturned to come to an arrangement with the Afghans when he visits the King. He would try to keep Pushtoonistan in cold storage for a five or ten year period in agreement with the Afghans. He would try to establish a joint border commission to settle cases of difficulties between the tribes. He assured the Vice President that he would make every effort for a peaceful settlement.

The Vice President then turned the subject of the conversation to neutralism. He said that this concerned the American leaders very greatly, and asked what posture President Mirza thought the U.S. should adopt. President Mirza replied that despite his personal dislike for the neutralists and particularly Nasser,³ he would, if he were responsible for U.S. policy, continue to give economic aid to the neutrals if the aid in question was of any importance to the masses. He would not help the neutrals as much as the countries aligned with the U.S., but he saw no objection to extending aid for projects designed to raise standards of living and remove the masses from the threat of communism. He felt the same way about aid to India. He would not stop American aid to India, if he had the say, despite the fact that Pakistan's relations with India are not good. If questioned on this point by opposition groups in Pakistan, his answer would be that his interest was in the aid that his country was given. He agreed that America must take the world as a whole and not drive neutrals into the communist camp by withholding aid.

On the other hand, he would urge that we turn a deaf ear to Indian protests concerning the aid that America was giving to Pakistan.

The Vice President asked what President Mirza thought was the effect of the new propaganda "look" of Bulganin and Khrushchev and of the Commie Chinese. President Mirza replied that he wondered whether there was a real change in policy until he read the text of Mikoyan's speech at the 20th Congress of Soviets. Examination of this speech convinced him that the Soviets had changed their methods but not their objectives which are no different in the

³ Gamal Abdel Nasser, Egyptian Prime Minister.

present regime from those of their predecessors. The Russians were very busy inviting Pakistanis to see Russia.

The Vice President asked what the U.S. should do insofar as cultural and trade contacts were concerned. President Mirza implied that these were difficult to control.

The President pointed out that there was a great liking for China and the Chinese in Pakistan. The Chinese were effective and intelligent people with wonderful manners. They were very adept in "getting round" the Pakistanis. The Pakistanis were very interested in visiting China and would undoubtedly continue to do so. He was watching the Commie trend very carefully and was not frightened. He pointed out that most of the Commonwealth countries were busily trading with China, and as far as Pakistan was concerned, they were glad to have the Chinese market especially for their exports of cotton. They were also ready to do business with the Russians, although he had blocked the establishment of a Russian trade delegation in Dacca which would simply become another communist cell.

The Vice President observed that President Mirza appeared to regard these contacts as good business but that he understood that they had no effect on Pakistan's basic foreign policies. He wondered about the exchange of persons program.

President Mirza replied that there would not be much to this with Russia but that there was more activity insofar as China was concerned. He said he had recently talked with a mullah who had visited China and the mullah observed that conditions looked good on the surface but as far as the Muslim religion was concerned, the Chinese were keeping it alive for the older generation and that Islam would be dead in China when the younger generation came along.

Vice President Nixon observed that it was his impression that President Mirza felt it was in the U.S. interests not to be bashful about standing in clearly with our friends and allies and that we need not fear the effect on local governments of appearing too friendly. President Mirza said that his views were very clear on this and he agreed with the Vice President. However, many of his Ministers did not agree with him. He pointed out the attitude of the Egyptian Ambassador who had tried to explain to Mirza how to deal with the U.S. According to the Egyptians, the best way was to accept aid from the communists and then U.S. assistance would come forward in greater volume. The Vice President and President Mirza both agreed that in the long run such a policy would not work out, as it violated fundamental moral issues.

At this point, the President called for Acting Prime Minister Chundrigar, Minister of Finance, Amjad Ali, and Acting Minister of Foreign Affairs Rahimtoolah to join the gathering.

The Vice President asked whether our aid was moving fast enough, and requested an outline of Pakistan's economic problems.

Mr. Chundrigar pointed out that Pakistan was still faced with three major problems; first, the need to obtain materials for its industrial plants and to expand its industries; secondly, its need for basic raw materials such as foodstuffs; and third, the need to have aid move swiftly. He then raised the question of Pakistan's need for assistance in atomic energy needs.

Continuing, Mr. Chundrigar said that Pakistan's problems insofar as atomic development are concerned are twofold. First of all, India was establishing a \$14,000,000 reactor, having received half the cost from Canada for the foreign exchange components of this installation, and a gift from the U.S. of \$250,000 for heavy water. This was a striking contrast with the assistance proffered by the U.S. to Pakistan, which was only half the cost of a small reactor (\$350,000) of no particular use to the Pakistanis. Pakistan needed some help in a big way. Vice President Nixon agreed that this posed a difficult political problem for the Pakistanis in view of Indian neutralism and Pakistan's alignment with the free world. Acting Prime Minister Chundrigar continued that Pakistan's difficulties were compounded by U.S. action in setting up the regional center in the Philippines. East Pakistan could use a package power station such as that planned for the regional center at Manila. Such an installation would help solve the power problem of East Pakistan which was very serious, as shortages of power in East Pakistan hampered the future of their jute market.

The Finance Minister continued by pointing out that the proposed atomic center in Manila might be divided between Thailand, the Philippines and East Pakistan, the three SEATO members concerned. If the installations were located in the three countries, students could circulate, and the process would be a useful liaison for SEATO.

Turning to problems of aid, the Finance Minister pointed out the long time required to make decisions. After Congressional appropriations in July, allotments were generally delayed until November, and it was difficult to finalize action in Pakistan on specific programs until late winter or early spring. He pointed out that last year discussions for the PL 480 program started in November, and while grateful for the immediate shipments of rice and of wheat, the 1956 fiscal program had still not been finalized so that it was necessary to fall back on mutual security funds for necessary shipments of wheat.

The Finance Minister continued by pointing out the value of a buffer stock of cereals in this part of the world. If such a stock were established and the U.S. helped with storage facilities, the U.S. could thereafter avoid continuous storage expenses which would be borne

by Pakistan. A stock of between 500,000 and 1,000,000 tons of wheat would be very valuable insurance against panics in the local cereal markets, and it would be good public relations to have a food base in Asia in contrast to airplane bases. He thought arrangements could be made whereby grain could be moved and stored each year and released only as needed. In response to a question from the Vice President, the Finance Minister thought that the presence of such a stock would go far to alleviate panic conditions, as generally speaking the fear of shortages led to hoarding which exaggerated difficulties such as the Government was now facing both in East and West Pakistan.

The Vice President asked about prospects of capital development and the interest of private capital in Pakistan. The Finance Minister indicated that the Pakistanis were attempting to attract American capital and had been successful particularly in the case of the oil companies, with Standard Vacuum and Hunt both exploring here. There was also interest expressed by the Sun Oil Company in exploration. The Export Import Bank was not functioning in Pakistan, but Pakistan had obtained lines of credit totalling about \$60,000,000 from the I.B.R.D.

Acting Prime Minister Chundrigar pointed out that both Standard Vacuum and Burmah Shell had put up oil refineries in India, and that an oil refinery in Pakistan would be very useful for refining imported crude oil, if not for the eventual refining of crude oil which very likely would be discovered in Pakistan.

The Vice President thought that the Pakistanis should make special efforts to attract private capital.

The Acting Prime Minister responded that Pakistan was a poor country and that the U.S. businessmen think in large terms.

The Vice President then asked what he might say when he returned to America which would be most helpful to Pakistan. The following points were made by the President and the various Ministers:

1. President Mirza suggested that the Vice President might talk privately about the military situation, especially Pakistan's need for an additional division.

2. All concerned suggested that he attempt to expedite the flow of aid.

3. Storage of food as suggested by the Finance Minister was another major point.

4. Acting Prime Minister Chundrigar referred to immediate shipments of food which he thought should be rushed to Pakistan. He pointed out that rice had recently moved up in price from 15 to 50-70 Rupees per maund.

5. Pakistan's need for assistance in the atomic energy field was emphasized.

The Vice President then asked what questions might arise when he talked to reporters at the airport before his departure. Mr. Chundrigar thought he would very likely be questioned regarding neutralism, with particular reference to President Eisenhower's recent statement, and that there would be questions about Kashmir.

Vice President Nixon then suggested that visits by leading Pakistanis to Thailand and the Philippines would be extremely valuable as both these countries needed the moral support of their allies at this time. The President said he was considering a trip to Indonesia and that President Soekarno was coming to Pakistan in January. Vice President Nixon thought this was a good thing, and that Pakistan would do well to cultivate the Indonesians with whom they were joined by religious bonds.

President Mirza then said that we frequently expressed ideas of "defensive armament". He wondered what was meant by this. He thought that after the results of the Korean war, we had given up ideas that defense alone was of any value.

The Vice President observed that one must emphasize defense in public statements as a political matter, but as far as what one did was concerned, actions would be both defensive and offensive.

Colonel Watson pointed out that defensive armament was a political and not a military concept.

President Mirza then reverted to his interest in light bombers to permit the possibility of retaliation, which might have an especially salutary effect on Afghanistan. He recalled that in 1951 when conditions between India and Pakistan were tense, the presence of six Halifax bombers had been known to the Indians, and in all likelihood had prevented India's attacking Pakistan. President Mirza thought that a light bomber squadron⁴ would be very helpful in deterring Afghan aggression as well as threats from India, although he stated that so far as war with India was concerned, it would be both criminal and suicidal from Pakistan's point of view.

At this point, the conversation was broken off as it was necessary for the Vice President and his party to return to the airport.⁵

A.Z. Gardiner

⁴ President Mirza told the Chargé on the evening of July 9th that he had just read a presentation made by "his people in Washington" asking for two squadrons of light bombers, and that he was "horrified" by the manner in which this request had been put forward. A.Z.G. [Footnote in the source text.]

⁵ In telegram 130 from Karachi, July 14, Gardiner reported that the Pakistani leaders regarded Nixon's conversation of July 9 to be significant due to his sympathetic attitude. "Mirza subsequently expressed to me his thorough satisfaction with talks," the Chargé noted, "particularly attitude expressed on military pacts, and VP's undertaking clarify further US position on neutralism." (Department of State, Central Files, 033.1100-NI/7-1456)

214. Telegram From the Embassy in Pakistan to the Department of State¹*Karachi, September 24, 1956—8 p.m.*

857. In talk Deputy UK High Commissioner James and I had with President Mirza Saturday eve prior his departure north this morning for week's vacation following points, other than Suez issue which was covered in Embtel 841² Saturday night, developed:

1. Whereas middle last week when I confronted Mirza with statement it was coffee shop gossip that he had pressured Suhrawardy by phone to East Pakistan on Sunday September 16 to allow Foreign Minister to accept invitation to users conference in London Mirza denied it, in Saturday night's conversation Mirza had obviously forgotten the previous conversation and said bluntly he had put pressure on Suhrawardy in said telephone conversation saying to Prime Minister "When Nasser invitation comes you accept the invitation within half an hour despite fact that only acceptances were from Communist countries, and yet when invitation comes from West for conference in London you hesitate and are inclined not go. What goes on as far as foreign policy is concerned anyway?"

2. I told Mirza that within few hours after being sworn in as Prime Minister Suhrawardy in private conversation with . . . me, had said he "felt previous governments had been very inept, negligent and stupid in not explaining the foreign policy to the people and pointing out the reasons and advantages for it and that he intended correct this". I told Mirza I had seized upon this hopefully and Mirza said "Well when is he going commence?" Mirza then stated he had drafted a letter to Prime Minister on foreign policy which he had not yet sent but was waiting for proper provocation and proper time send it to him. I seized opening he gave us and said we would be very much interested in seeing his views. He left room and came back with four page memo and let James and me each read a copy. It was a stinging reaffirmation of a very strong pro-West, pro-Free World, anti-Communist foreign policy. It emphasized that GOP in recent months by weaseling is losing stature and friends in both camps. He expressed annoyance at finding Russian gift of wheat which was puny amount compared with what US giving being played up more in press than US gift. Said government countenanced constant criticism of US and previous government had

¹ Source: Department of State, Central Files, 974.7301/9-2456. Top Secret; Niact. Repeated priority to London.

² In telegram 841, September 22, the Embassy reported on a U.S. and British effort to persuade Pakistan to join the Suez Canal Users' Association. (*Ibid.*, 974.7301/9-2256)

not displayed any guts in explaining foreign policy and so far Suhrawardy not doing any better. Stated if GOP takes military aid from US to make it strong it has the moral obligation and should have the guts to support the friends who gave the aid. Stated because government not showing any guts Communists getting more active and more influential. President exhorted us keep foregoing to ourselves as he was showing it to us in greatest confidence and of course it had not yet been sent hence this cable top secret.

3. He expressed irritation Rosenthal *New York Times* article³ alleging Mirza opposed making Suhrawardy Prime Minister for fear Prime Minister would not back Mirza for President in any future elections. He waxed firm and eloquent as usual on the theme he did not care whether or not he was President but what he would not stand for was a change in GOP foreign policy. Said he had told Suhrawardy that he would back him to the hilt except if he washed out on form foreign policy or meddled with military and if Suhrawardy doublecrossed him in these respects he, Mirza, too could play dirty and Suhrawardy would have a revolution on his hands. President showed every indication that he intended to be in control of country but would back Suhrawardy so long as Suhrawardy did not cross him on foreign policy. Said people long had been accusing him of wanting to be a dictator but he had already shown time and again that if he could avoid military government he would go to great ends to do so. James interrupted to comment he had advised his government that Mirza in seeking to find constitutional way out had taken greatest risk in his career in making Suhrawardy Prime Minister. Mirza again emphasized that he hoped our governments would understand if he had take drastic action. I commented that I felt that his record since he had been in office showed his desire avoid dictatorship and that I had advised my government that in taking Suhrawardy as Prime Minister he had taken only and last resort he had to get constitutional majority.

Foregoing message in draft form compared with James and is consistent with James recollection and report to be made.

Hildreth

³ Correspondent A.M. Rosenthal's article appeared on September 10.

215. Telegram From the Department of State to the Embassy in Pakistan¹

Washington, November 5, 1956—6:16 p.m.

1076. We find . . . reports re Suhrawardy attitude toward Commonwealth disturbing and request you see him earliest to discuss situation along following lines:

It unfortunately true that friends often conceive of their respective and mutual interests in different lights and that serious misunderstandings result. In present instance we, like Pakistani, are deeply concerned at action taken by British and French in resorting to military force against Egypt. We feel however long friendships which have existed between us and vast mutual interests dictate highest order statesmanship in dealing with problem which has arisen as result this difference between us. It extremely important that unfortunate development not be cause for break in Free World solidarity nor result in hasty actions which would have far reaching effects.

Present instance serious though it is should not lead to any weakening defense capabilities of Free World against Soviet imperialism. We of course do not intend permit in any way slackening our support for mutual security arrangements which include British and/or French. As far as Pakistan concerned we would accordingly consider it a most serious setback to security of Free World if Pakistan should withdraw from Commonwealth, Baghdad Pact or SEATO.

We realize that pressures of popular opinion in Pakistan may make position Pakistan Government difficult. We have every confidence however that high statesmanship of leading members of Pakistan Government will find means to bring true interests of Pakistan home to people of Pakistan.

Department understands Suhrawardy may now be Tehran in which case you should discuss matter with him soon as possible after his return.

For Tehran: If Suhrawardy now Tehran you should not take initiative in raising this matter. If however he should bring up question you should respond along foregoing lines.

Hoover

¹ Source: Department of State, Central Files, 790.5/11-556. Secret. Drafted by Randolph L. Higgs of U/OP and Berry; cleared with BNA, NEA, and FE; and approved by Berry. Repeated to Tehran.

216. National Intelligence Estimate ¹

NIE 52-56

*Washington, November 13, 1956.*PROBABLE DEVELOPMENTS IN PAKISTAN ²

The Problem

To estimate the present situation and probable developments in Pakistan with particular emphasis on the period through 1957.

Conclusions ³

1. At least over the next few years, Pakistan will remain basically unstable, plagued by serious differences of interest and outlook between the two parts of the country, by a dearth of responsible leaders, by weak political institutions, and by widespread frustration and discontent, particularly in East Pakistan. (Paras. 10-20)

2. President Mirza will probably continue for the next few years to exercise a dominant influence over the government, thus assuring a modicum of stability. Despite the difficulties which Mirza and Prime Minister Suhrawardy will experience in working with one another, their present alliance will probably continue at least for the next six months or so and possibly past the general elections contemplated for late 1957 or early 1958. (Paras. 21-26)

3. If Mirza cannot preserve his dominance over the government by ordinary means, he would almost certainly exercise his emergency powers to rule by decree. Such action would widen the existing gap between the government and the people and would probably entail more pervasive and sustained use of authoritarian methods than has hitherto been required. Such action would also create additional discontent in East Pakistan and increase tensions between the two wings of the country. (Paras. 27-28)

4. Despite probable delays and difficulties in finalizing and putting into effect the proposed five year development program for 1955-1960, there will probably be an acceleration of development

¹ Source: Department of State, INR-NIE Files; Secret. According to a note on the cover sheet, the following intelligence organizations participated in the preparation of this estimate: the CIA and the intelligence organizations of the Departments of State, Army, Navy, Air Force, and the Joint Staff. All members of the IAC concurred with this estimate on November 13 with the exception of the representatives of the AEC and FBI, who abstained on the grounds that the subject was outside their jurisdiction.

² Supersedes NIE 52-55, "Probable Developments in Pakistan," 15 March 1955. [Footnote in the source text. NIE 52-55 is printed as Document 190.]

³ For Summary Conclusions see Appendix page 18; [Footnote in the source text. This appendix is not printed.]

activities and expenditures in 1959 and 1960, and by the latter year the rate of growth of the national income may approach a level of somewhat over three percent a year. However, Pakistan will almost certainly fail to realize a substantial part of the plan goals by 1960 and, despite probable progress in raising food grain production levels, will probably remain subject to food shortages resulting from floods and droughts. (Paras. 40-43)

5. With Pakistan's foreign exchange earnings likely to hold up at approximately present levels and economic development expenditures likely to lag, Pakistan will probably require a lower annual level of economic assistance (exclusive of military aid) in FY 1957 and 1958 than was provided by the US in FY 1956. However, in the period following 1958, the probable rising expenditures for the development program and the increase in annual costs of an enlarged military establishment are likely to require a substantial increase in US economic assistance. It is likely that Pakistan will be dependent on larger-scale economic assistance by FY 1960 than was granted by the US in FY 1956. (Paras. 43-44)

6. Pakistan will probably continue to make heavy expenditures on its military establishment. However, maintenance of that establishment will require continuing US matériel and direct forces support, not only through the expected completion of the present military aid program in 1959 or 1960, but probably for an indeterminate period. (Paras. 46, 53)

7. Present strains in Pakistan's relations with India will probably continue substantially unchanged. There may be some improvement in Afghan-Pakistan relations. (Paras. 63-64)

8. Despite the strain placed on Pakistan's relations with the UK by the crisis arising out of the Anglo-French intervention in Egypt, we believe it unlikely that the Pakistan government presently plans to leave the Commonwealth, the Baghdad Pact, or SEATO. However, it is still possible that the crisis may develop so as to cause Pakistan's withdrawal from the Commonwealth and these organizations. (Para. 60)

9. At best, the Pakistan government will be under increasing popular pressure to de-emphasize its ties with the West and demonstrate its independence of "Western domination." It will probably take a less active interest in regional defense matters, at least in the absence of greatly increased US support. It would probably be unwilling to grant military bases to the US in peacetime, and almost certainly remain unwilling to commit more than token forces for use under SEATO or the Baghdad Pact outside Pakistan. It will probably be increasingly receptive to offers of trade and friendship by Communist China, the USSR, and other members of the Bloc. These

trends would be accelerated if US military and economic aid were reduced. (Paras. 58-62, 65-66)

[Here follows the Discussion section of this estimate, paragraphs 10-66.]

217. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, November 19, 1956—6 p.m.

1422. Following is country team message.

1. Jefferson Jones suggested country team pass on comments on revision NSC 5409² in light economic factors which Pakistan will face in future years.

2. Country team has reviewed acting chief of mission's letter to Assistant Secretary Allen of June 16 and appendix A of MAAG's submission 1957-1958 budgetary review³ and supports position taken in these two documents with exception of timing of review proposed with GOP of MDAP economic implications.

3. Present time singularly inappropriate to raise with GOP questions re long range implications of MDAP as they affect economy of Pakistan. Despite outburst of public opinion which has made President, Prime Minister and chief advisers task of maintaining moderate policy extremely difficult, these leaders have shown and are continuing to show constructive and determined attitude in dealing with Baghdad Pact allies and Arab states, and have demonstrated their wish adopt policies consonant those of US re Middle East and central European events. This group leaders derives strength from loyalties Pakistan military to their leadership. To imply any weakening of US support for military program at this time might have seriously adverse effect on position leadership on which we depend for pro-US policy.

4. Furthermore until question of Pakistan role in Baghdad Pact and possibly SEATO and of US support therefore determined, would be unwise discuss reduction of present level Pakistan force goals. Developments in this context might conceivably invalidate our op-

¹ Source: Department of State, Central Files, 790D.5-MSP/11-1956. Secret. Passed to ICA, Defense, and USIA.

² See the editorial note, *infra*.

³ Neither found in Department of State files.

position to increased commitments recorded appendix A MAAG submission.

Hildreth

218. Editorial Note

On January 3, 1957, the National Security Council met to discuss, among other items, NSC 5617, a proposed revision of United States policy toward South Asia as set forth in NSC 5409. One of the key sections of this draft statement of policy concerned the United States military assistance program in Pakistan. For the memorandum of discussion at this meeting, see Document 4.

On January 10, President Eisenhower approved the statement of policy in NSC 5617, as amended and adopted by the National Security Council as NSC 5701; for text, see Document 5.

219. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, March 30, 1957—10 p.m.

2657. From Richards. I have following comments re Pakistan:

1. Pakistan has potential and desire to form Eastern stanchion for defense of ME against overt Communist aggression or Communist subversion comparable to stanchion represented by Turkey in West. However, must overcome serious hurdles.

¹ Source: Department of State, Central Files, 120.1580/3-3057. Secret. Repeated to Paris, London, Baghdad, Ankara, New Delhi, Rome, Amman, Jidda, Cairo, Damascus, Tunis, Addis Ababa, Rabat, Khartoum, Tripoli, Behran, Tehran, Tel Aviv, Kabul, and Athens.

On March 12, Ambassador James P. Richards left for a 57-day mission to the Middle East, South Asia, and Africa. Richards visited 15 countries as part of an effort to explain the President's January proposals (the American Doctrine or Eisenhower Doctrine) on economic and military assistance to countries in the area. He visited Pakistan March 27-31.

2. One major drawback is continuing difficulties with India, and few prospects for improvement appear to exist. Governor West Pakistan² stated frankly "When Pakistanis speak of 'defense' they speak of defense against India". Danger of explosion is always present. In addition dispute with India causes diversion of resources and attention from internal problems and Soviet enemy. Pakistan now carrying crushing burden of defense expenditures which it considers necessary for protection against India.

3. Second drawback posed by difficulties of organizing and conducting government qualified personnel in depth.

4. In addition Pakistan confronted by staggering economic problems. If country is to have prospect of improving present low standards, substantial US aid will be required for period of years.

5. I was deeply impressed by positive attitude present Pakistani leaders. They appear determined to make success of their nation despite obstacles mentioned above. Sense of activity and drive for sake of Pakistan as nation especially striking in contrast to Iran. I consider this vitality one of Pakistan's greatest assets.

6. Pakistanis opened our discussions on premise of full acceptance ME proposal. Concluding remarks of President were "We shall be with you in fair weather or foul; we hope you will be with us". Prime Minister stated "You are taking us for granted as we are taking you for granted". Pakistan's effort directed at interpreting ME proposals in widest sense possible. They pressed hard to determine whether proposals designed to cope with internal Communist subversion. I replied US ready to strengthen area governments against possibility of subversion but provision of joint resolution re US Armed Forces would not come into play if Communist government attained power as result internal causes. To use troops in such circumstances would violate concept of sovereignty and right of peoples to choose freely their own form of government. We also made clear resolution directed only at attack or subversion by international communism. (Pakistanis tried several times to interpret it to cover possible attack from India.)

7. Large portion of meetings with President and Prime Minister taken up with discussions area situation (Embassy's 2642³). Talk was most frank and helpful. As in case other Baghdad Pact members, Pakistanis urged we join Pact and stressed evils neutralism. I thought Pakistanis went quite far in offering try to reach understanding with Afghanistan. They were hopeful of being able to work with Saud, but considered Nasser force for evil. Prime Minister

² M.A. Gurmani.

³ Dated March 29, not printed. (Department of State, Central Files, 120.1580/3-2957)

believed Syrian situation would crystallize within next two weeks. He requested US to strengthen Lebanon against Syria describing Lebanon as a key position in Middle East. Although Pakistanis did not ask for any specific action by Mission, their problems with India continually cropped up.

I took occasion express concern at favorable impression made by Chou En-lai in Pakistan and warmth reception accorded him. (Prime Minister has autographed picture of Chou prominently displayed in his drawing room.) I said Chou under his mask of charm was most dangerous Communist of all and in past fooled American representatives in China badly.

Prime Minister declared at our first meeting that Pakistan would not use opportunity of visit by Mission to plead for more aid. This position characterized attitude throughout. Pakistanis were not waiting in line with long list of demands. In discussion their economic needs they placed particular emphasis on annual shortfall in food production which is reflected in annual severe drain on US aid funds and Pakistan's exchange reserves. In addition fertilizer factories, Minister of Finance stressed need for food reserve and hope that US would approve three year surplus agricultural program (Ambassador Hildreth strongly endorsed this request). Minister also brought up need for shipping for trade to Persian Gulf and between East and West Pakistan. Prime Minister stressed requirement for housing; steel and concrete for strategic roads; and flood control in East Pakistan. (Data on number projects given Mission March 29.)

Finance Minister raised question private investment, pointing to Pakistan's unsuccessful efforts to secure private US capital in view US domestic investment opportunities. He also referred to Pakistan's dependence on US consultants and need to obtain top quality teams.

[Here follow Richards' specific and detailed recommendations regarding a United States aid program for Pakistan.]

Hildreth

220. Telegram From the Embassy in Pakistan to the
Department of State¹

Karachi, May 9, 1957—4 p.m.

3052. Embassy concerned at recent signs continuing tendency Mirza fall back on President's rule as solution to conditions he considers unsatisfactory. Recent examples are action West Pakistan and remark to Ambassador reported Embtel 2980² that he might, if West Pakistan legislature functioning, institute President's rule East Pakistan. This latter may have been merely unimportant display typical Mirza impatience or may have been serious warning. As Embassy commented, move could be made constitutionally only with Suhrawardy's consent which most unlikely, or after his resignation, which would mean break up of present center coalition probably dictatorship.

Nevertheless Embassy thinks US Government should not ignore Mirza's remark. Presidential rule East Pakistan would hurt US in light (a) identification of Mirza's strongarm methods and US military aid and (b) East Pakistan interpretation US supports Punjabi tyranny and victimization their province. A US objective is promotion orderly transition from government by small bureaucratic clique to effective parliamentary system conducted by political parties supporting foreign and domestic policies in line with US aims. Imposition President's rule would lead many to conclude that representative regime cannot exist in same system with expanded Pakistan military strength. Embassy realizes potential danger exists in East Pakistan from Communist and Indian subversion. GOP might tackle this problem by harassing Bhashani and his followers by all legitimate means, including prosecution of Bhashani group. On other hand, such tactics might well backfire and enhance Bhashani prestige with masses.

Significant that *Dawn*³ editorial May 9 implores Prime Minister at length to show courage versus leftwingers in Awami League; and that Amjad Ali speaking privately to Chargé was critical of Suhrawardy's handling of AL followers. Suhrawardy so far has preferred maintain facade of unity in Awami League rather than risk becoming prisoner of Republican Muslim League KSP alliance, which is only possible conservative rallying ground.

¹ Source: Department of State, Central Files, 790D.00/5-957. Secret. Repeated to New Delhi, Dacca, and Lahore. Hildreth left his post as Ambassador on May 1.

² Dated May 1, not printed. (*Ibid.*, 790D.00/5-157)

³ A leading Pakistani newspaper.

While fully recognizing deficiencies Awami-led coalition in Dacca and difficulties caused by Bhashani, Embassy does not support Mirza blanket condemnation present East Pakistan coalition and believes coalition has scored creditable achievements such as democratically passed budget with welfare and development features. Awami League remains predominantly secular and middle class and is committed parliamentary practices. Its program of provincial autonomy reflects desires of bulk of population, though it is no credit to their intelligence. It is more truly representative of people as result general provincial election which put it in power and hence reaction to imposition President's rule likely to be stronger than has been case in past when provincial governments which were suspended were hardly representative.

Finally, Embassy does not believe dictatorship would solve any of Pakistan's basic problems. Embassy would welcome Dacca comment on above. Suggest Department may wish consider requesting Embassy express to Mirza US hope that representative government may continue ⁴

Gardiner

⁴ In telegram 3060 to Karachi, May 23, the Department informed the Embassy that it shared the Embassy's concern over indications that Mirza was continuing to consider the establishment of some form of authoritarian rule as a solution to the present unsatisfactory situation. "However," the telegram continued, "Department reluctant take any action which could be construed as interference in internal political affairs Pakistan and thus would prefer at present not make suggested representations to Mirza." (*Ibid.*, 790D.00/5-957)

In telegram 364 from Lahore, May 24, Consul Carvel Painter stated in part that he agreed with the Embassy's analysis that the imposition of President's rule in East Pakistan would tend to alienate the East Pakistanis and in the end strengthen leftist elements. It would also harm the United States, he noted, by bringing back the old slogan "real Pak Prime Minister is named Hildreth." (*Ibid.*, 790D.00/5-2457)

221. Memorandum of a Conversation, Washington, July 10, 1957¹

SUBJECT

US Economic Aid to Pakistan

PARTICIPANTS

Pakistan

The Prime Minister
Ambassador Mohammed Ali
The Secretary of Foreign Affairs,
Mr. M.S.A. Baig
The Secretary of Economic Affairs,
Mr. S.A. Hasnie
The Secretary of Defense,
Mr. Akhter Husain
The Principal Secretary to the
Prime Minister, Mr. Aftab Khan

United States

The Secretary
Mr. William M. Rountree, NEA
Ambassador-designate James M.
Langley
Mr. J. Jefferson Jones, III, SOA
Mr. John M. Howison, SOA

Prime Minister Suhrawardy declared that food was the most important economic question facing Pakistan. Pakistan was short of basic foodstuffs, although he was making every effort to increase production. Pakistan had to have one million tons of wheat this year. He had instructed his Finance Minister,² who had been in Washington for some time, to ask for 1½ million tons so that there might be a reserve to tide Pakistan over until the next crop was in sight. He described that inclination of Pakistani foodgrain producers to withhold current crops from the market until a second food crop appeared assured.

The Prime Minister characterized the foodgrain request as having top priority over all other requests he was making. Pakistan could perhaps get along somehow without the other things he was asking for, but the United States should not withhold foodgrains from Pakistan if it wished to see Pakistan avoid starvation, revolution, inflation and chaos.

The Prime Minister declared that Pakistan fully appreciated US aid, but that there was no getting around the fact that developmental aid had an inflationary impact on the domestic economy. Two alternative means of combatting such inflation existed: greater production and/or the import of consumer needs. He was doing what he could to increase production. (His implication was that the US

¹ Source: Department of State, Central Files, 411.90D41/7-1057. Secret. Drafted by Howison. Prime Minister Suhrawardy was in Washington for a 3-day official visit, July 10-12.

² Syed Amjad Ali.

should contribute to combatting inflation by making available import commodities such as foodgrains.)

Mr. Suhrawardy also reiterated Pakistan's interest in obtaining an atomic reactor. Mr. Nehru had said that India was getting on in this field, and yet Pakistan did not have a single atomic reactor.

222. **Memorandum of a Conversation, Washington, July 12, 1957¹**

SUBJECT

Military Assistance

PARTICIPANTS

Pakistan

The Prime Minister
Mr. M.S.A. Baig,
Secretary of Foreign Affairs
Mr. A. Husain,
Secretary of Defense

United States

The Secretary
The Under Secretary
Ambassador-designate James Langley
William M. Rountree, NEA
Robert R. Bowie, S/P
J. Jefferson Jones, III, SOA
Charles D. Withers, SOA
John M. Howison, SOA

The Secretary said that he understood that Pakistani representatives had discussed military assistance proposals with Defense officials on July 10.² According to his understanding, Defense officials had promised to consider the Pakistani request.

Mr. Suhrawardy responded that in order to provide adequately for Pakistani needs it would be necessary that the Defense Department receive guidance from the Department of State. He hoped that the Department of State would use its influence with the Depart-

¹ Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted Jones and Howison.

² At this meeting, actually held on July 11, Pakistani officials requested a commitment from the Department of Defense for additional military aid, including four light bomber squadrons with accompanying radar equipment. They also indicated that they would soon provide Defense with a complete list of equipment which the Pakistani Government believed was necessary as part of "phase two" of the U.S. military assistance program. (Memorandum of conversation by Rear Admiral Charles K. Bergin, Director, NESAS/ISA, July 12; Department of Defense, OASD/ISA Files, NESAS Records, Pakistan; memorandum from Stevens to Jones, July 12, Department of State, Central Files, 790D.5-MSP/7-1257)

ment of Defense in order to obtain the agreement of the latter to the Pakistani request. He wanted a submarine if the Defense Department agrees that it would be a good thing for Pakistan to have. Arguing that his motives were similar to those of the US in wanting a nuclear bomb deterrent to Soviet aggression, Mr. Suhrawardy stressed that he wanted light bombers as a deterrent against possible Indian aggression.

The Secretary said that he had observed with concern the tendency of a number of states in the Middle East to give too much emphasis to the buildup of their military forces. For example, Egypt had sacrificed much in order to obtain large amounts of military equipment, which it had done from the Soviet Union. Where was the equipment now? A great deal of it was in the possession of the enemy of Egypt.

Mr. Suhrawardy replied that Pakistan did not fit in this category; he wanted only useful weapons. Pakistan was taking good care of its tanks, although the tank force was at present static. Pakistan did not want new tanks, however. Bombers were essential. A submarine was also most important. One of its most important uses would be to provide opportunities for training. Mr. Rountree responded that he would be glad to consider the possibility of training Pakistanis in submarines in the United States.

Recalling his earlier claim that Nehru had been deterred from attacking Pakistan in 1950 by Pakistan's possession of bombers, Mr. Suhrawardy noted that four or twelve or eighteen bombers in Pakistan's hands today would enable Pakistan to deter but not to compete with or attack India. He reiterated that the US must have confidence that Pakistan would not misuse such equipment.

The Secretary replied that the US does have great confidence in Pakistan's non-aggressive intent. Otherwise, he declared, the US would not be doing what it now is in the way of supplying arms.

Mr. Suhrawardy expressed dissatisfaction that light bombers which had originally been programmed for 1954 were now being programmed for 1959. He emphasized that Pakistan realized bombers were expensive to maintain, and that this was the reason Pakistan wished to begin with only a few of them.

Mr. Rountree observed that one consideration involved was that in the judgment of our military experts Pakistan would not be ready to absorb bombers for some time. Mr. Husain responded that when programming bombers was first deferred, Pakistan was told it was because bombers are offensive weapons. He declared that the Pakistan Air Force had now absorbed fighters and that bombers were the logical next step.

Mr. Dulles closed the discussion of military assistance by observing that the Department of State would review Pakistan's requirements further with the Department of Defense.

223. Telegram From the Embassy in Pakistan to the Department of State¹

Karachi, November 1, 1957—7 p.m.

1017. Now that a little time has passed since forced resignation of essentially secular Suhrawardy government and emergence of Chundrigar² at head of unstable coalition whose common denominator is Muslim orthodoxy and now that I have been in Pakistan long enough to form certain personal opinions, time may be appropriate for an evaluation of recent events, present situation Pakistan and their impact on future developments.

While immediate reasons for fall of Suhrawardy can be found in personal rivalry between President Mirza and himself and in splinter parties, sectionalism and in individuals jockeying for power and its material rewards, it may be useful consider briefly broad background against which last crisis was played out.

The economic situation remains serious with the workers standard of living tending to decrease. Pakistan statistics are uncertain yet little doubt but that food prices have gone up from 10-15 percent in past year while no comparable wage increase occurred. Other characteristics of the Pakistan economic situation too well known warrant detailed review in summary analysis (no progress in agricultural productivity which is sine qua non for Pakistan self-sufficiency; shortage of capital and foreign exchange for development, incipient inflation, disproportionately high military expenditures and population growing faster than national income). Only reason why Pakistan able keep going is US aid. This only realized small thinking elite, including officer corps, since effect on masses restricted to helping preserve present inadequate South Asian standard of living rather than bring about noticeable amelioration.

It is against this unsatisfactory background that Suhrawardy and Mirza, probably the most able Pakistan political personalities, feuded

¹ Source: Department of State, Central Files, 790D.00/11-157. Secret.

² On October 18, Ismail I. Chundrigar, a former Minister for Law, replaced Suhrawardy as Prime Minister.

to a point that their mutually valuable working association could no longer be maintained. Purpose of this message is not to go into the issues, real or alleged, which surround the crisis, such as one-unit or joint vs separate electorates which have been reported on in detail. In essence generally democratic but also demagogic Suhrawardy let himself be carried away either by design or accident in his public attacks against President Mirza's men in his cabinet to a point of no return and President in turn by availing himself of letter of the constitution and refusing to convene assembly so that vote could determine whether his opponent commanded a majority, provided further grist for mill those who accused him of authoritarianism.

Now replacing Suhrawardy in role of Mirza's personal opponent is Sardar Nishtar, President Muslim League. In this struggle for power the decent but rather colorless Muslim League Prime Minister Chundrigar participates only in a secondary role. It is of course importance of role played by Nishtar which raises questions in foreign policy field. While policies of direct importance to us are maintained and while President Mirza remains as Western oriented as ever, key role of . . . Nishtar tends weaken structure underlying official government posture assurances. New government thus affected by Islamic bias against UK and indirectly against West which Muslim Leaguers have brought into coalition. Furthermore Chundrigar cannot put up as effective resistance as could Suhrawardy to Pakistani emotionalism during flareups such as occurred over UK-French Suez action. While it is unlikely above will go so far as to result in attempt to improve relations with Syria and Egypt, it is apparent that the "quality" of the new government's support for current foreign policies has somewhat deteriorated.

The internal prospects of the new government are none too bright on the tactical plane. The situation in the Assembly has become even more complex and less predictable with the formation of the new five man party of Chaudhri Mohamad Ali, probably with tacit consent Mirza, which could draw off Punjabi strength from either Muslim League and/or Republicans. The alliance between Republicans and Muslim League is none too strong in Karachi and does not exist in Lahore where major strain on coalition likely develop. Here Defense Minister Daultana will probably be key figure in maneuvers to get share of power for self as well as Muslim League.

From longer range viewpoint, situation worse re East Pakistan which is seriously antagonized by "raw deal" to "their boy" Suhrawardy, inadequate representation not to speak of government's separate electorates plank which is anathema in East Bengal where its effect would be to isolate ten million Hindus. Since economic and financial availabilities are such that development program will have

to be reduced and since savings will result more from postponing new projects than from slowing down the old ones East Pakistan will suffer more than West. Some in government conscious of these major difficulties which faced in East Pakistan. So far, however, this reflected principally in inconclusive consideration of creating a deputy Prime Minister in Dacca.

Confronted with difficult situation Chundrigar government giving indications it will concentrate on short term objectives such as cheaper food, additional refugee housing—primarily Karachi—and starting work on Jinnah's tomb. Until now major development under new government has been exploitation for political purposes of so-called \$10 million import license scandal under small business program (Toica 663³). This, like much which has happened during last few weeks, tends further to retard development of healthy Pakistan resting on sound democratic government. Of course political, economic and social conditions which would create an immediately explosive situation in a politically more advanced society could last indefinitely in Pakistan. Experience in other lesser developed countries demonstrates, however, the unwisdom of excessive reliance on fatalism and amorphism of such societies be they Muslim or not. While no direct threat looms on Pakistan horizon and while the army with its excellent morale and fine equipment can be relied on as a safe anchor to windward for the foreseeable future it would appear to be at least questionable statesmanship to rely primarily on this element of the framework of the Pakistan state. Whether or not it "may be *later* than it seems" is a moot question. The bold fact stands out as the Chundrigar government takes over with little confidence, that over-all situation in Pakistan is deteriorating while military programs may be proceeding satisfactorily. Military strength, without a sound economic and political base, does not constitute real strength in South Asia or elsewhere. It is time to rethink our approach to the Pakistan problem. Our rationale for FY 1959 will attempt start along this path. A more comprehensive review, however, is called for, which should give greater weight to developing Pakistan as a strong viable ally of the US rather than concentrating on building of a military force which may not have vis-à-vis Communist bloc a value in proportion with its cost both to Pakistan and to US. That such changes must of course be brought about with tact and prudence so that in the process existing elements of strength and friendship will not be alienated is of course obvious.

Langley

³ Not printed.

224. Letter From the Ambassador in Pakistan (Langley) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree)¹

Karachi, December 27, 1957.

DEAR BILL: You may have realized better than I did when I left Washington that in Pakistan we have an unruly horse by the tail and are confronted by the dilemma of trying to tame it before we can let go safely. That takes some doing and I have the uneasy feeling that far from being tamed this horse we assumed to be so friendly has actually grown wilder of late.

The enticements which we have managed from our unfavorable position don't seem to have worked well enough and I believe the time is overripe for us to reappraise our situation as best we can while still in motion and put some new methods into action. To do this we whose hands are on the tail need an assist from Washington.

I wonder if we have not collectively developed certain generalizations about Pakistan and then proceeded to accept them as gospel truth without sufficient periodic scrutiny. For example, I was told that Pakistan constitutes a cornerstone of U.S. policy in this part of the world, that Pakistan is the anchor of the Baghdad Pact, and of SEATO, that the Paks are strong, direct, friendly and virile, and that Pakistan constitutes a bulwark of strength in the area, etc. What concerns me is that all this is in real danger of being wiped out if something is not done to arrest the current deterioration in many aspects of Pakistani life.

Political. The recent governmental crises in Pakistan have highlighted the increasingly byzantine and sterile characteristics of political activities here. As the new government takes over² it looks as if things would become worse before they improve. When I left home Mirza and Suhrawardy were partners and our great hope here. Now they are bitter political enemies and the weakling Noon is Prime Minister.

Economic. Economically deterioration is steadily developing and this notwithstanding the aid which the U.S. has invested in Pakistan. As matters now stand the rate of deterioration is tending to accelerate, what with continuation at a constant or increasing level of unproductive expenses (military and government operating costs) and a decline in the productive part of the budget. Unfortunately, I

¹ Source: Department of State, Karachi Embassy Files: Lot 63 F 84, 320 Pakistan. Secret.

² Malik Firoz Khan Noon, a former Pakistani Foreign Minister, succeeded Chundrigar as Prime Minister on December 16.

fear that our past generosity in helping out our friends has too often permitted them to avoid "grasping the nettle" and facing their problems with the required spirit of urgency and determination. While statistics can be misleading, particularly in Pakistan where they are most unreliable, I am nevertheless convinced that the cost of living is increasing with an appreciable decline in the standard of living of Pakistani wage earners in view of the lag in their paper income. Also there can be no doubt but that large portions of both the business and governmental communities are corrupt and that this has had its effect on the energies and determination of the entire population.

Psychological. Psychologically, also, I find the Pakistani situation disturbing. It is only among the very small upper crust (senior army officers, top group of politicians, leading businessmen, and a few other elements here and there who are directly connected with the benefits of American assistance) that a state of mind is found which corresponds to the cliché depicting the Pakistanis as the only strongly pro-U.S. and pro-western oriented people in this part of the world. As to the remaining vast majority of Pakistanis, while I have not encountered an inclination towards communism or the USSR, there is an underlying yearning for "friendship with all." On the part of what we might call the middle group or the intelligentsia, i.e. vocal educated elements without vested interest in the present regime—and this even includes a significant proportion of civil servants—there is an appalling contempt for the governing clique which is viewed as selfish, corrupt, and intent only on advancing their own political or cash fortunes. At least until the elections are held there is slight prospect for improvement and a real danger of further deterioration. The situation of strength which we have accepted as synonymous with Pakistan has too large a component of wishful thinking.

Militarily. The first conclusion which I have reached is that Pakistan's military establishment must be appreciably trimmed. No "Holcomb costing analysis" is needed to formulate this recommendation. Such an analysis would be useful to help determine *how much* the armed forces should be cut but not *whether* they should be reduced. At the present time Pakistan military expenses absorb approximately 65% of the government's tax revenues. The drain on the economy is such that U.S. aid, as important as it is, only serves to maintain precarious living standards, and, while this is important, it is difficult for the man in the street to appreciate a benefit which has to be measured in almost negative terms!

I fear that it would not be too difficult to make a rather convincing case that the present military program is based on a hoax, the hoax being that it is related to the Soviet threat. Instead it

is my view that the Pak forces are in betwixt and in between—they are unnecessarily large for their prime purpose of assuring internal security and likewise unnecessarily large for dealing with any Afghan threat over Pushtunistan (barring of course larger Soviet aid than that currently being rumored). However, concentration on India is such that a considerably larger Pakistan arms program would not yield a division for use to the west within the Baghdad Pact area.

The U.S. in appraising its own interests *via-à-vis* either India or Pakistan should recognize as its basic premise the indivisible character of its relations with and interest in the entire subcontinent. I am convinced that a portion of the military strength built up in Pakistan would be of little use to us should perchance worst come to worst and India go communist. Likewise, and even though India is undoubtedly less vulnerable to events in Pakistan, the larger country would hardly profit from a complete breakdown of the embryonic structure of political democracy in Pakistan. Therefore, we cannot afford to participate in or close our eyes to an arms race between Pakistan and India.

Recommendations. Consequently, and as a *first concrete step* I recommend that I be instructed to approach President Mirza personally and most confidentially and express our serious concern to him. In particular, I should recognize the commitments made by the U.S. in the aide-mémoire of October 1954. I should point out that the U.S. is not trying to renege; the U.S., however, believes that when these commitments were entered into in good faith their full consequences were not, and could not, be appreciated. Certainly no pact or agreement between such staunch and loyal friends as the U.S. and Pakistan can be permitted to become a mutual "suicide pact."

The object of this *démarche* would be to lead President Mirza into taking the initiative for a costing and evaluation study so as to set the outer limits of the Pakistan military program, both in military and financial terms. As I have cautioned in several telegrams, it is extremely important that in seeking to extricate ourselves from the present worrisome situation we not unintentionally render the situation acute by appearing to be withdrawing our support from those elements which, for whatever motive, and however imperfect, are currently our closest friends and supporters. Thus it is imperative that the review of the Pakistan military establishment be conducted *by and with* Mirza and General Ayub and at all costs *not against them*.

The *second immediate measure* has already been initiated by the USOM: a review of the U.S. aid program so as to eliminate secondary or marginal projects and concentrate on those of greater benefits to the Pakistan economy.

My *third recommendation* calls for a generally more critical and somewhat tougher attitude towards our friends. This policy is al-

ready partially operative, as when I asked that the \$10,000,000 special machinery project be stopped because within the Pakistan Government itself the economic validity of many of the items in the project was being publicly questioned.

One of the most disturbing attitudes I have encountered in the highest political places here is that the United States *must* keep up and increase its aid to Pakistan, and conversely, that Pakistan is doing the U.S. a favor in accepting aid, in addition to the Pakistan pro-western posture in the Baghdad Pact and SEATO and the UN, when actually these postures are in part dictated by Pakistan hatred for India.

I don't expect gratitude can be bought here any more than anywhere else, but I do believe that the U.S. is entitled to a reasonable degree of respect. Finally, we are trying for quality rather than quantitative solutions.

Sincerely yours,

James M. Langley ³

³ Printed from a copy which bears this typed signature.

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